110TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
1st Session } { 110–417

PROVIDING FOR CONSIDERATION OF THE BILL (H.R. 3920) TO AMEND THE TRADE ACT OF 1974 TO REAUTHORIZE TRADE ADJUSTMENT ASSISTANCE, TO EXTEND TRADE ADJUSTMENT ASSISTANCE TO SERVICE WORKERS AND FIRMS, AND FOR OTHER PURPOSES

OCTOBER 30, 2007.—Referred to the House Calendar and ordered to be printed

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Mr. WELCH, from the Committee on Rules,
submitted the following

R E P O R T

[To accompany H. Res. 781]

The Committee on Rules, having had under consideration House Resolution 781, by a non-record vote, report the same to the House with the recommendation that the resolution be adopted.

SUMMARY OF PROVISIONS OF THE RESOLUTION

The resolution provides for consideration of H.R. 3920, the "Trade and Globalization Assistance Act of 2007," under a structured rule. The resolution provides for one hour of debate, with 40 minutes equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means and 20 minutes equally divided and controlled by the chairman and ranking minority member of the Committee on Education and Labor.

The resolution waives all points of order against consideration of the bill except those arising under clause 9 or 10 of rule XXI. The resolution provides that the amendment in the nature of a substitute recommended by the Committee on Ways and Means, modified by the amendment printed in part A of this report, shall be considered as adopted and the bill, as amended, shall be considered as read. The resolution waives all points of order against provisions in the bill, as amended. This waiver does not affect the point of order available under clause 9 of rule XXI (regarding earmark disclosure).

The resolution makes in order the substitute amendment printed in part B of this report if offered by Rep. Jim McCrery (R–LA) or his designee. The resolution provides that the substitute amendment shall be considered as read and debatable for one hour equally divided and controlled by the proponent and an opponent. The resolution waives all points of order against the substitute amend-

ment except those arising under clause 9 or 10 of rule XXI. The resolution provides one motion to recommit with or without instructions. Finally, the resolution permits the Chair, during consideration of the bill, to postpone further consideration of it to a time designated by the Speaker.

EXPLANATION OF WAIVERS

The waiver of all points of order against the bill's consideration (except those arising under clause 9 or 10 of rule XXI), includes a waiver of: clause 4(a) of rule XIII (availability of committee report); section 302 of the Congressional Budget Act (regarding subdivision breach); and 303 of the Congressional Budget Act (regarding out-year spending). Although the resolution waives all points of order against provisions in the bill, the Committee is not aware of any points of order against the bill. The waiver of all points of order against the bill is prophylactic in nature.

COMMITTEE VOTES

The results of each record vote on an amendment or motion to report, together with the names of those voting for and against, are printed below:

Rules Committee record vote No. 376

Date: October 30, 2007.
Measure: H.R. 3920.
Motion by: Mr. Hastings (WA).
Summary of motion: To make in order and provide appropriate waivers for an amendment by Rep. Ryan, Paul (WI), #5, which would require that any State providing TAA assistance for workers and any organization receiving a TAA for Firms grant submit an annual report assessing certain indicators of performance.
Results: Defeated 4–9.
Vote by Members: McGovern—Nay; Hastings (FL)—Nay; Matsui—Nay; Cardoza—Nay; Welch—Nay; Castor—Nay; Arcuri—Nay; Sutton—Nay; Dreier—Yea; Diaz-Balart—Yea; Hastings (WA)—Yea; Sessions—Yea; Slaughter—Nay.

Rules Committee record vote No. 377

Date: October 30, 2007.
Measure: H.R. 3920.
Motion by: Mr. Sessions.
Summary of motion: To make in order and provide appropriate waivers for an amendment by Rep. Price, Tom (GA), #3, which strikes Section 13 in bill, dealing with non-waiver of rights and remedies.
Results: Defeated 4–9.
Vote by Members: McGovern—Nay; Hastings (FL)—Nay; Matsui—Nay; Cardoza—Nay; Welch—Nay; Castor—Nay; Arcuri—Nay; Sutton—Nay; Dreier—Yea; Diaz-Balart—Yea; Hastings (WA)—Yea; Sessions—Yea; Slaughter—Nay.

SUMMARY OF AMENDMENT IN PART A TO BE CONSIDERED AS ADOPTED

The amendment to H.R. 3920, the Trade and Globalization Assistance Act of 2007, as reported, includes provisions strengthening

the TAA for Farmers program and makes clarifying changes to the TAA for Workers program. The amendment also reforms the Worker Adjustment and Retraining Notification Act and extends COBRA continuation coverage for TAA-eligible and Pension Benefit Guaranty Corporation recipients.

SUMMARY OF AMENDMENT IN PART B TO BE MADE IN ORDER

1. McCrery (LA): Amendment in the Nature of a Substitute. Reauthorizes the Trade Adjustment Assistance (TAA) programs for workers, firms and farmers for 5 years. Restructures the TAA to increase training options while retaining the current two years of income support for TAA for workers program participants who remain unemployed and train full-time. Increases the federal share of monthly TAA participant premiums for the Health Coverage Tax Credit (HCTC) from 65% today to 70% and continues HCTC. Allows States to apply for waivers of unemployment compensation program rules. Expands the new markets tax credit to benefit firms and workers in local communities impacted by trade, globalization, and other causes of job loss. Extends Workforce Investment Act (WIA) employment and training programs, creates a consolidated funding stream, and increases State and local flexibility. Provides for collection of Unemployment Insurance overpayments. (60 minutes)

PART A: TEXT OF AMENDMENT TO BE CONSIDERED AS ADOPTED

Page 6, strike line 17 and all that follows through page 7, line 2, and insert the following:

(A) in the matter preceding subparagraph (A)—

(i) by striking "Secretary" and inserting "Secretary of Labor"; and

(ii) by striking "or subdivision" and inserting "or public agency, or subdivision of a firm or public agency,"; and

(B) in subparagraph (A), by striking "firm)" and inserting "firm, and workers in a service sector firm or subdivision of a service sector firm, or of a public agency or subdivision thereof)"; and

Page 8, lines 1 and 2, strike "that are".

Page 13, line 9, insert a comma before "has been".

Page 14, strike lines 10 through 13 and insert the following:

(3) in subsection (d)—

(A) by striking "subdivision of the firm" and all that follows through "he shall" and inserting "subdivision of the firm, or of a public agency or subdivision of a public agency, that total or partial separations from such firm (or subdivision) or public agency (or subdivision) are no longer attributable to the conditions specified in section 222, the Secretary shall"; and

(B) by striking "together with his reasons" and inserting "and on the Website of the Department of Labor, together with the Secretary's reasons".

Page 17, strike lines 1 through 19 and insert the following:

"(b) DETERMINATION REGARDING INDUSTRY-WIDE CERTIFICATION.—The Secretary shall, not later than 60 days after receiving a request or resolution described in subsection (a) with respect

to a domestic industry, or making the third certification of workers in a domestic industry described in subsection (a), as the case may be—

"(1) determine whether all adversely affected workers in that domestic industry are eligible to apply for assistance under this subchapter, in accordance with the criteria established under subsection (e); or

"(2) determine whether all adversely affected workers in that domestic industry in a specific geographic region are eligible to apply for assistance under this subchapter, in accordance with the criteria established under subsection (e).".

Page 18, line 3, strike "or" and insert "of".

Page 19, strike lines 9 through 16 and insert the following:

"(iii) TRAINING BEFORE SEPARATION.—Any worker covered by a certification under subparagraph (A)(ii) shall be deemed to be an adversely affected worker for purposes of receiving services under section 235 and training under section 236, without regard to whether the worker has been totally or partially separated from employment. In the case of a worker not totally or partially separated from employment, the reference in section 236(a)(1)(A) to 'suitable employment' shall be deemed not to refer to such employment.".

Page 20, line 13, add after the period the following: "In the case of a worker described in paragraph (1)(B)(iii), no services described in section 235 or training described in section 236 may be initiated after such termination date.".

Move section 114 to the beginning of subtitle F of title I, redesignate such section as section 161, and redesignate succeeding sections accordingly.

Page 29, line 10, strike "foreign".

Page 34, line 6, insert after "section)" the following: ", and the periods specified in section 231(a)(5)(A)".

Page 34, beginning on line 9, strike "delays in certification due to administrative reconsideration or judicial review,".

Page 44, line 7, strike "101(a)" and insert "102".

Page 45, line 14, strike "to enter" and insert "in order to receive".

Page 45, strike lines 19 through 23 and insert the following:

"(2) because of the application to any such week in training of the provisions of State law or Federal unemployment insurance law relating to availability for work, active search for work, or refusal to accept work.".

Page 68, beginning on line 9, strike "does not return to the employment from which the worker was separated" and insert "is not employed at the firm from which the worker was separated".

Page 69, strike lines 4 through 6 and insert the following:

"(D) TRAINING AND OTHER SERVICES.—A worker described in subparagraph (B) shall be eligible to receive training approved under section 236 and services under section 235.".

Insert after section 141 the following:

SEC. 142. EXTENSION OF COBRA BENEFITS FOR CERTAIN TAA-ELIGIBLE INDIVIDUALS AND PBGC RECIPIENTS.

(a) ERISA AMENDMENTS.—Section 602(2)(A) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1162(2)(A)) is amended—

(1) by moving clause (v) to after clause (iv) and before the flush left sentence beginning with "In the case of a qualified beneficiary";

(2) by striking "In the case of a qualified beneficiary" and inserting the following:

"(vi) SPECIAL RULE FOR DISABILITY.—In the case of a qualified beneficiary"; and

(3) by redesignating clauses (v) and (vi), as amended by paragraphs (1) and (2), as clauses (viii) and (ix) and by inserting after clause (iv) the following new clauses:

"(v) SPECIAL RULE FOR PBGC RECIPIENTS.—In the case of a qualifying event described in section 603(2) with respect to a covered employee who (as of such qualifying event) has a nonforeitable right to a benefit any portion of which is to be paid by the Pension Benefit Guaranty Corporation under title IV, notwithstanding clause (i) or (ii), the date of the death of the covered employee, or in the case of the surviving spouse or dependent children of the covered employee, 36 months after the date of the death of the covered employee.

"(vi) SPECIAL RULE FOR TAA-ELIGIBLE INDIVIDUALS.—In the case of a qualifying event described in section 603(2) with respect to a covered employee who is (as of the date that the period of coverage would, but for this clause or clause (vii), otherwise terminate under clause (i) or (ii)) a TAA-eligible individual (as defined in section 605(b)(4)(B)), the period of coverage shall not terminate by reason of clause (i) or (ii), as the case may be, before the later of the date specified in such clause or the date on which such individual ceases to be such a TAA-eligible individual.

"(vii) SPECIAL RULE FOR CERTAIN TAA-ELIGIBLE INDIVIDUALS.—In the case of a qualifying event described in section 603(2) with respect to a covered employee who is (as of the date that the period of coverage would, but for this clause or clause (vi), otherwise terminate under clause (i) or (ii)) a TAA-eligible individual (as defined in section 605(b)(4)(B)) and who (as of such qualifying event) has attainted age 55 or has completed 10 or more years of service with the employer, clauses (i) and (ii) shall not apply.".

(b) IRC AMENDMENTS.—Clause (i) of section 4980B(f)(2)(B) of the Internal Revenue Code of 1986 is amended—

(1) by striking "In the case of a qualified beneficiary" and inserting the following:

"(VI) SPECIAL RULE FOR DISABILITY.—In the case of a qualified beneficiary", and

(2) by redesignating subclauses (V) and (VI), as amended by paragraph (1), as subclauses (VIII) and (IX) and by inserting after clause (IV) the following new subclauses:

"(V) SPECIAL RULE FOR PBGC RECIPIENTS.—In the case of a qualifying event described in paragraph (3)(B) with respect to a covered employee who (as of such qualifying event) has a nonforeitable right to a benefit any portion of which is to be paid by the Pension Benefit Guaranty Corporation under title IV of the Employee Retirement Income Security Act of 1974, notwithstanding subclause (I) or (II), the date of the death of the covered employee, or in the case of the surviving spouse or dependent children of the covered employee, 36 months after the date of the death of the covered employee.

"(VI) SPECIAL RULE FOR TAA-ELIGIBLE INDIVIDUALS.—In the case of a qualifying event described in paragraph (3)(B) with respect to a covered employee who is (as of the date that the period of coverage would, but for this subclause or subclause (VII), otherwise terminate under subclause (I) or (II)) a TAA-eligible individual (as defined in paragraph (5)(C)(iv)(II)), the period of coverage shall not terminate by reason of subclause (I) or (II), as the case may be, before the later of the date specified in such subclause or the date on which such individual ceases to be such a TAA-eligible individual.

"(VII) SPECIAL RULE FOR CERTAIN TAA-ELIGIBLE INDIVIDUALS.—In the case of a qualifying event described in paragraph (3)(B) with respect to a covered employee who is (as of the date that the period of coverage would, but for this subclause or subclause (VI), otherwise terminate under subclause (I) or (II)) a TAA-eligible individual (as defined in paragraph (5)(C)(iv)(II)) and who (as of such qualifying event) has attainted age 55 or has completed 10 or more years of service with the employer, subclauses (I) and (II) shall not apply.".

(c) PHSA AMENDMENTS.—Section 2202(2)(A) of the Public Health Service Act (42 U.S.C. 300bb-2(2)(A)) is amended—

(1) by striking "In the case of a qualified beneficiary" and inserting the following:

"(v) SPECIAL RULE FOR DISABILITY.—In the case of a qualified beneficiary"; and

(2) by redesignating clauses (iv) and (v), as amended by paragraph (1), as clauses (vi) and (vii) and by inserting after clause (iii) the following new clauses:

"(iv) SPECIAL RULE FOR TAA-ELIGIBLE INDIVIDUALS.—In the case of a qualifying event described in section 2203(2) with respect to a covered employee who is (as of the date that the period of coverage would, but for this clause or clause (v), otherwise terminate under clause (i) or (ii)) a TAA-eligible individual (as defined

in section 2205(b)(4)(B)), the period of coverage shall not terminate by reason of clause (i) or (ii), as the case may be, before the later of the date specified in such clause or the date on which such individual ceases to be such a TAA-eligible individual.

"(v) SPECIAL RULE FOR CERTAIN TAA-ELIGIBLE INDIVIDUALS.—In the case of a qualifying event described in section 2203(2) with respect to a covered employee who is (as of the date that the period of coverage would, but for this clause or clause (iv), otherwise terminate under clause (i) or (ii)) a TAA-eligible individual (as defined in section 2205(b)(4)(B)) and who (as of such qualifying event) has attainted age 55 or has completed 10 or more years of service with the employer, clauses (i) and (ii) shall not apply.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to periods of coverage which would (without regard to the amendments made by this section) end on or after January 1, 2008.

Insert after title II the following and redesignate accordingly:

TITLE III—TRADE ADJUSTMENT ASSISTANCE FOR FARMERS

SEC. 301. ELIGIBILITY OF CERTAIN OTHER PRODUCERS.

Section 292 of the Trade Act of 1974 (19 U.S.C. 2401a) is amended—

(1) in subsection (a), by inserting "and on the Website of the Department of Agriculture" after "Federal Register"; and

(2) by adding at the end the following:

"(f) ELIGIBILITY OF CERTAIN OTHER PRODUCERS.—An agricultural commodity producer or group of producers that resides outside of the State or region identified in a petition filed under subsection (a) may file a request to become a party to that petition not later than 30 days after the date notice is published in the Federal Register and on the Website of the Department of Agriculture with respect to that petition.".

Page 76, after line 18, insert the following (and redesignate subsequent subsections accordingly):

"(c) COLLECTION OF DATA FROM STATES.—The Secretary is authorized to collect such data from the States as is necessary to carry out this section.".

Add at the end the following:

TITLE VI—WORKER ADJUSTMENT AND RETRAINING NOTIFICATION

SEC. 601. SHORT TITLE.

This title may be cited as the "Early Warning and Health Care for Workers Affected by Globalization Act".

SEC. 602. AMENDMENTS TO THE WARN ACT.

(a) DEFINITIONS.—

(1) EMPLOYER, PLANT CLOSING, AND MASS LAYOFF.—Paragraphs (1) through (3) of section 2(a) of the Worker Adjustment and Retraining Notification Act (29 U.S.C. 2101(a)(1)–(3)) are amended to read as follows:

"(1) the term 'employer' means any business enterprise that employs 100 or more employees;

"(2) the term 'plant closing' means the permanent or temporary shutdown of a single site of employment, or of one or more facilities or operating units within a single site of employment, which results in an employment loss at such site, during any 30-day period, for 50 or more employees;

"(3) the term 'mass layoff' means a reduction in force at a single site of employment which results in an employment loss at such site, during any 30-day period, for 50 or more employees.".

(2) SECRETARY OF LABOR.—

(A) DEFINITION.—Paragraph (8) of such section is amended to read as follows:

"(8) the term 'Secretary' means the Secretary of Labor or a representative of the Secretary of Labor.".

(B) REGULATIONS.—Section 8(a) of such Act (29 U.S.C. 2107(a)) is amended by striking "of Labor".

(3) CONFORMING AMENDMENTS.—

(A) NOTICE.—Section 3(d) of such Act (29 U.S.C. 2102(d)) is amended by striking out ", each of which is less than the minimum number of employees specified in section 2(a)(2) or (3) but which in the aggregate exceed that minimum number," and inserting "which in the aggregate exceed the minimum number of employees specified in section 2(a)(2) or (3)".

(B) DEFINITIONS.—Section 2(b)(1) of such Act (29 U.S.C. 2101(b)(1)) is amended by striking "(other than a part-time employee)".

(b) NOTICE.—

(1) NOTICE PERIOD.—

(A) IN GENERAL.—Section 3 of the Worker Adjustment and Retraining Notification Act (29 U.S.C. 2102) is amended by striking "60-day period" and inserting "90-day period" each place it appears.

(B) CONFORMING AMENDMENT.—Section 5(a)(1) of such Act (29 U.S.C. 2104(a)(1)) is amended in the matter following subparagraph (B), by striking "60 days" and inserting "90 days".

(2) RECIPIENTS.—Section 3(a) of such Act (29 U.S.C. 2102(a)) is amended—

(A) in paragraph (1), by striking "or, if there is no such representative at that time, to each affected employee; and" and inserting "and to each affected employee;"; and

(B) by redesignating paragraph (2) as paragraph (3) and inserting after paragraph (1) the following:

"(2) to the Secretary; and".

(3) INFORMATION REGARDING BENEFITS AND SERVICES AVAILABLE TO WORKERS AND DOL NOTICE TO CONGRESS.—Section 3 of such Act (29 U.S.C. 2102) is further amended by adding at the end the following:

"(e) INFORMATION REGARDING BENEFITS AND SERVICES AVAILABLE TO EMPLOYEES.—Concurrent with or immediately after providing the notice required under subsection (a)(1), an employer shall provide affected employees with information regarding the benefits and services available to such employees, as described in the guide compiled by the Secretary under section 12.

"(f) DOL NOTICE TO CONGRESS.—As soon as practicable and not later than 15 days after receiving notification under subsection (a)(2), the Secretary of Labor shall notify the appropriate Senators and Members of the House of Representatives who represent the area or areas where the plant closing or mass layoff is to occur.".

(c) ENFORCEMENT.—

(1) AMOUNT.—Section 5(a)(1) of the Worker Adjustment and Retraining Notification Act (29 U.S.C. 2104(a)(1)) is amended—

(A) in subparagraph (A)—

(i) by striking "back pay for each day of violation" and inserting "two days' pay multiplied by the number of calendar days short of 90 that the employer provided notice before such closing or layoff"

(ii) in clause (ii), by striking "and" at the end thereof;

(B) by redesignating subparagraph (B) as subparagraph (C);

(C) by inserting after subparagraph (A) the following:

"(B) interest on the amount described in subparagraph (A) calculated at the prevailing rate; and"; and

(D) by striking the matter following subparagraph (C) (as so redesignated).

(2) EXEMPTION.—Section 5(a)(4) of such Act (29 U.S.C. 2104(a)(4)) is amended by striking "reduce the amount of the liability or penalty provided for in this section" and inserting "reduce the amount of the liability under subparagraph (C) of paragraph (1) and reduce the amount of the penalty provided for in paragraph (3)".

(3) ADMINISTRATIVE COMPLAINT.—Section 5(a)(5) of such Act (29 U.S.C. 2104(a)(5)) is amended—

(A) by striking "may sue" and inserting "may,";

(B) by inserting after "both," the following: "(A) file a complaint with the Secretary alleging a violation of section 3, or (B) bring suit"; and

(C) by adding at the end thereof the following new sentence: "A person seeking to enforce such liability may use one or both of the enforcement mechanisms described in subparagraphs (A) and (B).".

(4) ACTION BY THE SECRETARY.—Section 5 of such Act (29 U.S.C. 2104) is amended—

(A) by redesignating subsection (b) as subsection (d); and

(B) by inserting after subsection (a) the following new subsections:

"(b) ACTION BY THE SECRETARY.—

"(1) ADMINISTRATIVE ACTION.—The Secretary shall receive, investigate, and attempt to resolve complaints of violations of section 3 by an employer in the same manner that the Secretary receives, investigates, and attempts to resolve com-

plaints of violations of sections 6 and 7 of the Fair Labor Standards Act of 1938 (29 U.S.C. 206 and 207).

"(2) SUBPOENA POWERS.—For the purposes of any investigation provided for in this section, the Secretary shall have the subpoena authority provided for under section 9 of the Fair Labor Standards Act of 1938 (29 U.S.C. 209).

"(3) SUMS RECOVERED.—Any sums recovered by the Secretary on behalf of an employee under subparagraphs (A), (B), and (D) of section 5(a)(1) shall be held in a special deposit account and shall be paid, on order of the Secretary, directly to each employee affected. Any such sums not paid to an employee because of inability to do so within a period of 3 years, and any sums recovered by the Secretary under subparagraph (C) of section 5(a)(1), shall be credited as an offsetting collection to the appropriations account of the Secretary of Labor for expenses for the administration of this Act and shall remain available to the Secretary until expended.

"(c) LIMITATIONS.—

"(1) LIMITATIONS PERIOD.—An action may be brought under this section not later than 2 years after the date of the last event constituting the alleged violation for which the action is brought.

"(2) COMMENCEMENT.—In determining when an action is commenced under this section for the purposes of paragraph (1), it shall be considered to be commenced on the date on which the complaint is filed.".

(d) POSTING OF NOTICES; PENALTIES.—Section 11 of the Worker Adjustment and Retraining Notification Act (29 U.S.C. 2101 note) is amended to read as follows:

"SEC. 11. POSTING OF NOTICES; PENALTIES.

"(a) POSTING OF NOTICES.—Each employer shall post and keep posted in conspicuous places upon its premises where notices to employees are customarily posted a notice to be prepared or approved by the Secretary setting forth excerpts from, or summaries of, the pertinent provisions of this chapter and information pertinent to the filing of a complaint.

"(b) PENALTIES.—A willful violation of this section shall be punishable by a fine of not more than $500 for each separate offense.".

(e) NON-WAIVER OF RIGHTS AND REMEDIES; INFORMATION REGARDING BENEFITS AND SERVICES AVAILABLE TO EMPLOYEES.—Such Act is further amended by adding at the end the following:

"SEC. 12. RIGHTS AND REMEDIES NOT SUBJECT TO WAIVER.

"(a) IN GENERAL.—The rights and remedies provided under this Act (including the right to maintain a civil action) may not be waived, deferred, or lost pursuant to any agreement or settlement other than an agreement or settlement described in subsection (b).

"(b) AGREEMENT OR SETTLEMENT.—An agreement or settlement referred to in subsection (a) is an agreement or settlement negotiated by the Secretary, an attorney general of any State, or a private attorney on behalf of affected employees.

"SEC. 13. INFORMATION REGARDING BENEFITS AND SERVICES AVAILABLE TO WORKERS.

"The Secretary of Labor shall maintain a guide of benefits and services which may be available to affected employees, including

unemployment compensation, trade adjustment assistance, COBRA benefits, and early access to training and other services, including counseling services, available under the Workforce Investment Act of 1998. Such guide shall be available on the Internet website of the Department of Labor and shall include a description of the benefits and services, the eligibility requirements, and the means of obtaining such benefits and services. Upon receiving notice from an employer under section 3(a)(2), the Secretary shall immediately transmit such guide to such employer.".

(f) NOTICE EXCUSED WHERE CAUSED BY TERRORIST ATTACK.—Section 3(b)(2) of the Worker Adjustment and Retraining Notification Act (29 U.S.C. 2102(b)(2)) is amended by adding at the end the following new subparagraph:

"(C) No notice under this Act shall be required if the plant closing or mass layoff is due directly or indirectly to a terrorist attack on the United States.".

SEC. 603. EFFECTIVE DATE.

Except as otherwise provided in this Act, the provisions of this Act, and the amendments made by this Act, shall take effect on the date of the enactment of this Act.

PART B: TEXT OF AMENDMENT TO BE MADE IN ORDER

1. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE MCCRERY OF LOUISIANA, OR HIS DESIGNEE, DEBATABLE FOR 60 MINUTES

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Helping American Workers Adjust to Globalization and Win Act".

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

TITLE I—TRADE ADJUSTMENT ASSISTANCE FOR WORKERS

Subtitle A—Petitions and Determinations

SEC. 101. PETITIONS.

Section 221(a) of the Trade Act of 1974 (19 U.S.C. 2271(a)) is amended—

(1) in paragraph (1), by striking "simultaneously with the Secretary and with the Governor of the State in which such workers' firm or subdivision is located" and inserting "with the Secretary";

(2) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively;

(3) by inserting after paragraph (1) the following new paragraph:

"(2) Upon receipt of a petition filed under paragraph (1), the Secretary shall promptly notify the Governor of the State in which such workers' firm or subdivision is located of the filing of the petition and its contents.";

(4) in paragraph (3) (as redesignated by paragraph (2) of this section), by striking "a petition filed under paragraph (1)" and inserting "a notice under paragraph (2)"; and

(5) in paragraph (4) (as redesignated by paragraph (2) of this section)—

(A) by striking "the petition" and inserting "a petition filed under paragraph (1)"; and

(B) by inserting "and on the Website of the Department of Labor" after "in the Federal Register".

SEC. 102. GROUP ELIGIBILITY REQUIREMENTS.

(a) IN GENERAL.—Subsection (a)(2)(B)(i) of section 222 of the Trade Act of 1974 (19 U.S.C. 2272) is amended by inserting at the end before the semicolon the following: "that contributed importantly to such workers' separation or threat of separation".

(b) ADVERSELY AFFECTED SECONDARY WORKERS.—Subsection (b) of such section is amended—

(1) in paragraph (2), by striking "and" at the end;

(2) by redesignating paragraph (3) as paragraph (4);

(3) by inserting after paragraph (2) the following new paragraph:

"(3) the sales or production, or both, of such firm or subdivision have decreased absolutely; and"; and

(4) in subparagraph (A) of paragraph (4) (as redesignated by paragraph (2) of this subsection), by inserting at the end before the semicolon the following: "and contributed importantly to the workers' separation or threat of separation determined under paragraph (1)".

(c) DEFINITIONS.—Subsection (c) of such section is amended—

(1) in paragraph (3), by striking ", if the certification of eligibility under subsection (a) is based on an increase in imports from, or a shift in production to, Canada or Mexico"; and

(2) by adding at the end the following new paragraphs:

"(5) The term 'article' means—

"(A) a tangible product subject to duty under the Harmonized Tariff Schedule of the United States which is not incidental to the provision of a service; or

"(B) an intangible product, such as a digital product (including computer programs, text, video, image and sound recordings, and similar products), that would be subject to duty under the Harmonized Tariff Schedule of the United States if the intangible product were embodied in a physical medium and which is not incidental to the provision of a service.

"(6) The term 'worker' means—

"(A) with respect to a firm described in subsection (a)—

"(i) an individual directly employed by the firm that produces an article that is the basis for a determination under subsection (a) and who performs tasks relating to the production of the article; or

"(ii) an individual who is under the operational control of the firm that produces an article that is the basis for a determination under subsection (a) pursuant to a contract or leasing arrangement and who performs tasks relating to the production of the article;

"(B) with respect to a firm that is a supplier described in subsection (b)—

"(i) an individual directly employed by the firm that is a supplier and who performs tasks relating to the production of component parts for an article that is the basis for a determination under subsection (a); or

"(ii) an individual who is under the operational control of the firm that is a supplier pursuant to a contract or leasing arrangement and who performs tasks relating to the production of component parts for an

article that is the basis for a determination under subsection (a); and

"(C) with respect to a firm that is a downstream producer described in subsection (b)—

"(i) an individual directly employed by the firm that is a downstream producer and who perform tasks relating to the provision of additional, value-added production processes for an article that is the basis for a determination under subsection (a); or

"(ii) an individual who is under the operational control of the firm that is a downstream producer pursuant to a contract or leasing arrangement and who performs tasks relating to the provision of additional, value-added production processes for an article that is the basis for a determination under subsection (a).".

SEC. 103. DETERMINATIONS BY SECRETARY OF LABOR.

(a) WORKERS COVERED BY CERTIFICATION.—Subsection (b) of section 223 of the Trade Act of 1974 (19 U.S.C. 2273) is amended—

(1) in the matter preceding paragraph (1), by striking "under this section" and inserting "under subsection (a) or (d) of this section"; and

(2) in paragraph (2), to read as follows:

"(2) after the earliest of—

"(A) the date that is two years after the date on which certification is granted under subsection (a);

"(B) the date that is two years after the date of the earliest determination, if any, denying certification under subsection (a); or

"(C) the termination date, if any, determined under subsection (e).".

(b) PUBLICATION OF DETERMINATION.—Subsection (c) of such section is amended—

(1) by striking "his determination" and inserting "a determination";

(2) by inserting "and on the Website of the Department of Labor" after "in the Federal Register"; and

(3) by striking "his reasons" and inserting "the Secretary's reasons".

(c) AMENDMENT TO CERTIFICATION.—Such section is further amended—

(1) by redesignating subsection (d) as subsection (e); and

(2) by inserting after subsection (c) the following new subsection:

"(d) Whenever the Secretary determines, with respect to any certification of eligibility of the workers of a firm or subdivision of the firm, and subject to such regulations as the Secretary may prescribe, that good cause exists to amend such certification, the Secretary shall amend such certification and promptly publish notice of such amendment in the Federal Register and on the Website of the Department of Labor together with the reasons for making such determination.".

(d) TERMINATION OF CERTIFICATION.—Subsection (e) of such section (as redesignated by subsection (c)(1) of this section) is amended—

(1) by striking "he shall" and inserting "the Secretary shall";

(2) by inserting "and on the Website of the Department of Labor" after "in the Federal Register"; and

(3) by striking "his reasons" and inserting "the Secretary's reasons".

SEC. 104. BENEFIT INFORMATION TO WORKERS.

Section 225(a) of the Trade Act of 1974 (19 U.S.C. 2275(a)) is amended in the fourth sentence by striking "the State Board for Vocational Education or equivalent agency and other public or private agencies, institutions, and employers, as appropriate," and inserting "the appropriate State workforce investment board (established under section 111 of the Workforce Investment Act of 1998 (29 U.S.C. 2821)) and State workforce agency responsible for the administration of the State workforce investment program funded under title I of the Workforce Investment Act of 1998 (29 U.S.C. 2801 et seq.)".

SEC. 105. ADMINISTRATIVE RECONSIDERATION OF DETERMINATIONS BY SECRETARY OF LABOR.

(a) IN GENERAL.—Subchapter A of chapter 2 of title II of the Trade Act of 1974 (19 U.S.C. 2271 et seq.) is amended by adding at the end the following new section:

"SEC. 226. ADMINISTRATIVE RECONSIDERATION OF DETERMINATIONS BY SECRETARY OF LABOR.

"(a) ADMINISTRATIVE RECONSIDERATION.—

"(1) IN GENERAL.—A worker, group of workers, certified or recognized union or other duly authorized representative of such worker or group of workers, or any of the individuals or entities described in section 221(a)(1)(C), aggrieved (or on behalf of such workers aggrieved) by a determination of the Secretary of Labor under section 223 denying a certification of eligibility, may file a request for administrative reconsideration with the Secretary not later than 60 days after the date on which notice of the determination is published under section 223.

"(2) FAILURE TO MAKE TIMELY REQUEST.— The failure to file a request for administrative reconsideration of a determination denying a certification of eligibility under section 223 within the 60-day period described in paragraph (1) shall be deemed to be a failure to exhaust administrative remedies and such determination shall not be subject to judicial review under section 284.

"(b) NOTICE, REVIEW, AND FINAL DETERMINATION.—

"(1) NOTICE.—If a request for administrative reconsideration of a determination of the Secretary is filed in accordance with the provisions of subsection (a), the Secretary shall promptly publish notice thereof in the Federal Register and on the Website of the Department of Labor.

"(2) REVIEW OF DETERMINATION.—The Secretary shall initiate a review of the determination of the Secretary upon filing of the request for administrative reconsideration under subsection (a) and shall include an opportunity for interested persons to submit additional information.

"(3) FINAL DETERMINATION.—The Secretary shall issue a final determination on the request for administrative reconsideration not later than 60 days after the date on which the Sec-

retary publishes notice of the request for reconsideration pursuant to paragraph (1). Upon reaching a determination on a reconsideration, the Secretary shall promptly publish a summary of the determination in the Federal Register and on the Website of the Department of Labor, together with the reasons for making such determination. The requirements relating to judicial review under section 284 shall apply to any determination made by the Secretary under this subsection.".

(b) CLERICAL AMENDMENT.—The table of contents in section 1 of the Trade Act of 1974 is amended by inserting after the item relating to section 225 the following:

"Sec. 226. Administrative reconsideration of determinations by Secretary of Labor.".

Subtitle B—Program Benefits

CHAPTER 1—TRADE READJUSTMENT ALLOWANCES

SEC. 111. QUALIFYING REQUIREMENTS FOR WORKERS.

(a) BASIC TRADE READJUSTMENT ALLOWANCE.—Subsection (a) of section 231 of the Trade Act of 1974 (19 U.S.C. 2291) is amended—

(1) in the matter preceding paragraph (1), by striking "60 days" and inserting "40 days";

(2) in paragraph (1), by striking "occurred—" and all that follows and inserting "occurred during the period described in section 223(b).''; and

(3) by striking paragraphs (4) and (5).

(b) PAYMENT OF ADDITIONAL TRADE READJUSTMENT ALLOWANCE.—Such section is further amended—

(1) by redesignating subsections (b) and (c) as subsections (c) and (d), respectively; and

(2) by inserting after subsection (a) the following new subsection:

"(b) In addition to the payment of a trade readjustment allowance under subsection (a), payment of an additional trade readjustment allowance shall be made to an adversely affected worker who is covered by a certification under subchapter A and who—

"(1) files an application for such allowance for any week of unemployment which begins after the worker has received the maximum amount of trade readjustment allowances payable under subsection (a);

"(2) meets the conditions described in paragraphs (1) through (3) of subsection (a); and

"(3) is either—

"(A) totally unemployed and is enrolled in a full-time training program approved by the Secretary under section 236(a); or

"(B) partially unemployed and is enrolled in a full-time or part-time training program approved by the Secretary under section 236(a).".

(c) WITHHOLDING OF TRADE READJUSTMENT ALLOWANCE PENDING BEGINNING OR RESUMPTION OF PARTICIPATION IN TRAINING PROGRAM; PERIOD OF APPLICABILITY.—Subsection (c) of such section (as redesignated by subsection (b)(1) of this section) is amended to read as follows:

"(c) If the Secretary determines that—

"(1) the adversely affected worker—

"(A) has failed to begin participation in the training program the enrollment in which meets the requirement of subsection (b)(3), or

"(B) has ceased to participate in such training program before completing such training program, and

"(2) there is no justifiable cause for such failure or cessation, no trade readjustment allowance may be paid to the adversely affected worker under this part for the week in which such failure, cessation, or revocation occurred, or any succeeding week, until the adversely affected worker begins or resumes participation in a training program approved under section 236(a).".

(d) WAIVERS OF TRAINING REQUIREMENTS.—Subsection (d) of such section (as redesignated by subsection (b)(1) of this section) is hereby repealed.

SEC. 112. WEEKLY AMOUNTS.

(a) IN GENERAL.—Subsection (a) of section 232 of the Trade Act of 1974 (19 U.S.C. 2292) is amended—

(1) by striking "(a)" and inserting "(a)(1)";

(2) by inserting "paragraph (2) and" after "Subject to";

(3) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively; and

(4) by adding at the end the following new paragraph:

"(2)(A) Notwithstanding section 231(a)(3)(B), if an adversely affected worker who is participating in training qualifies for unemployment insurance under State law, based in whole or in part upon part-time or short-term employment following approval of the worker's initial trade readjustment allowance application under section 231(a), then for any week for which unemployment insurance is payable and for which the worker would otherwise be entitled to a trade readjustment allowance based upon the certification under section 223, the worker shall be paid a trade readjustment allowance in the amount described in subparagraph (B).

"(B) The trade readjustment allowance payable under subparagraph (A) shall be equal to the weekly benefit amount of the unemployment insurance upon which the worker's trade readjustment allowance was initially determined under paragraph (1), reduced by—

"(i) the amount of the unemployment insurance benefit payable to such worker for that week of unemployment for which a trade readjustment allowance is payable under subparagraph (A) of this paragraph; and

"(ii) the amounts described in subparagraphs (A) and (B) of paragraph (1).".

(b) ADVERSELY AFFECTED WORKERS WHO ARE UNDERGOING TRAINING.—Subsection (b) of such section is amended—

(1) by inserting "under section 231(b)" after "who is entitled to trade readjustment allowances"; and

(2) by striking "he is undergoing any such" and inserting "such worker is undergoing".

SEC. 113. LIMITATIONS ON TRADE READJUSTMENT ALLOWANCES.

Section 233 of the Trade Act of 1974 (19 U.S.C. 2293) is amended—

(1) in subsection (a)—

(A) in paragraph (1)—

(i) by striking "The maximum amount" and inserting "Except as provided in paragraph (3), the maximum amount"; and

(ii) by striking "52" and inserting "39"; and

(B) in paragraph (3), by striking "52" each place it appears and inserting "65";

(2) by striking subsection (b);

(3) by redesignating subsections (c) through (g) as subsections (b) through (f), respectively; and

(4) in subsection (f) (as redesignated by paragraph (3) of this section), by striking "section 236(a)(5)(D)" and inserting "section 236".

CHAPTER 2—TRAINING, OTHER REEMPLOYMENT SERVICES, AND ALLOWANCES

SEC. 121. REEMPLOYMENT SERVICES.

(a) IN GENERAL.—Section 235 of the Trade Act of 1974 (19 U.S.C. 2295) is amended—

(1) in the heading, by striking "**EMPLOYMENT**" and inserting "**REEMPLOYMENT**";

(2) by striking "The Secretary" the first place it appears and inserting "(a) The Secretary";

(3) by striking "counseling, testing, and placement services, and supportive and other services" and inserting "career counseling, testing and assessments, and job placement services, and supportive and other services"; and

(4) by adding at the end the following new subsection:

"(b) In order to facilitate the provision of services described in subsection (a), the Secretary shall ensure the effective implementation of the requirements of section 239(e) relating to the co-enrollment of adversely affected workers in the dislocated worker program authorized under chapter 5 of subtitle B of title I of the Workforce Investment Act of 1998 (29 U.S.C. 2861 et seq.).".

(b) CLERICAL AMENDMENT.—The table of contents in section 1 of the Trade Act of 1974 is amended by striking the heading relating to part II of subchapter B of chapter 2 of title II of the Trade Act of 1974 and the item relating to section 235 of such Act and inserting the following:

"PART II—TRAINING, OTHER REEMPLOYMENT SERVICES, AND ALLOWANCES

"Sec. 235. Reemployment services.".

SEC. 122. TRAINING.

(a) IN GENERAL.—Section 236 of the Trade Act of 1974 (19 U.S.C. 2296) is amended to read as follows:

"SEC. 236. TRAINING.

"(a) APPROVAL OF TRAINING.—

"(1) IN GENERAL.—If the Secretary determines that an adversely affected worker, including an adversely affected worker who has obtained reemployment subsequent to separation from the adversely affected employment, or an adversely affected incumbent worker, meets the criteria described in paragraph (2), and otherwise meets the requirements described under this section, the Secretary shall approve the training program re-

quested by the worker. Upon such approval, the worker shall be entitled to have payment of the costs of such training (subject to the limitations imposed by this section) paid on the worker's behalf by the Secretary directly or through a voucher system. The costs of such training shall include the costs of tuition, books, required tools, and fees related to education, licensing, or certification.

"(2) CRITERIA FOR APPROVAL OF TRAINING PROGRAM.—For purposes of paragraph (1), training for an adversely affected worker or an adversely affected incumbent worker, shall be approved if the Secretary determines that—

"(A) the worker needs additional marketable skills to obtain or retain employment comparable to the worker's adversely affected employment;

"(B) there is a reasonable expectation of such employment following the completion of the training; and

"(C) the worker is qualified to undertake and complete the training sought.

"(3) ENROLLMENT DEADLINE.—

"(A) IN GENERAL.—In order to receive assistance under this section, a worker shall enroll in a training program approved under paragraph (1) not later than the later of—

"(i) the last day of the 39th week after the worker's most recent separation from adversely affected employment which meets the requirements of paragraphs (1) and (2) of section 231(a); or

"(ii) the last day of the 13th week after the week in which the Secretary issues a certification under subchapter A covering such worker.

"(B) EXTENSION FOR JUSTIFIABLE CAUSE.—The Secretary may grant an extension of the enrollment period described in subparagraph (A) for a worker if the Secretary determines that there is justifiable cause for such an extension.

"(b) FUNDING FOR TRAINING.—

"(1) ANNUAL LIMIT ON AGGREGATE PAYMENTS UNDER PROGRAM.—

"(A) IN GENERAL.—The total amount of payments that may be made under subsection (a)(1) for any fiscal year shall not exceed $220,000,000.

"(B) APPORTIONMENT AMONG STATES.—The Secretary shall establish a method for apportioning among States the funds that are available for training under this chapter in any fiscal year. Such method may include the use of formula allotments and reallotments, and the establishment of a reserve that is used to assist in apportioning funds to those States in need of additional funding during the fiscal year.

"(2) LIMITATIONS APPLICABLE TO WORKERS.—

"(A) DURATION.—Subject to subparagraph (C), the costs of a training program approved under subsection (a)(1) for an adversely affected worker or an adversely affected incumbent worker shall be paid under this section for a period not to exceed four years from the date the worker first enrolled in the training program. A worker may participate in such training program during such period on a full-

time or part-time basis. During the period of participation the worker shall make adequate yearly progress, as determined by the Secretary, toward the attainment of a license, certificate, or degree pursuant to such training program in order to remain eligible for assistance under this section.

"(B) AMOUNT.—Subject to subparagraph (C), the payments for a training program under subsection (a)(1) for a worker may not exceed $4,000 for any one-year period, or a total of $8,000 over the maximum four-year period described in subparagraph (A).

"(C) EXCEPTIONS.—

"(i) LITERACY TRAINING AND PREREQUISITES.—If the Secretary determines that an adversely affected worker or an adversely affected incumbent worker needs literacy training, English as a second language instruction, remedial education, educational assistance to obtain a high school diploma or General Equivalency Degree, or prerequisites in order to participate in a training program for occupations in demand, the Secretary shall approve the provision of such activities and provide up to $1,000 in payments for such activities. Such payments shall not be included for purposes of applying the limits on payments described in subparagraph (B).

"(ii) ON-THE-JOB TRAINING.—The provisions of subparagraphs (A) and (B) shall not be applicable to on-the-job training programs, except as provided in subsection (f)(2).

"(3) DUPLICATIVE PAYMENTS PROHIBITED.—No payment may be made under subsection (a)(1) of the costs of training an adversely affected worker or an adversely affected incumbent worker if such costs are payable or have already been paid under any other provision of Federal law.

"(4) REPORT.—

"(A) IN GENERAL.—Not later than May 31 and November 30 of each year, the Secretary shall submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a report on—

"(i) the initial allocation among States of funds for training approved under this section;

"(ii) any additional distributions of funds for training approved under this section during the two most recent fiscal quarters and cumulatively during the fiscal year;

"(iii) the amount of funds obligated and expended by the States to provide training approved under this section during the two most recent fiscal quarters and cumulatively during the fiscal year; and

"(iv) the efforts of the Department of Labor to ensure that each State receives an appropriate level of funds during the fiscal year to provide training approved under this section to all eligible workers.

"(B) DEFINITION.—In this paragraph, the term 'fiscal quarter' means any 3-month period beginning on October 1, January 1, April 1, or July 1 of a fiscal year.

"(c) TRAINING PROGRAMS THAT MAY BE APPROVED.—The training programs that may be approved under subsection (a) include—

"(1) employer-based training, including—

"(A) on-the-job training;

"(B) customized training; and

"(C) apprenticeship programs registered under the National Apprenticeship Act (29 U.S.C. 50 et seq.);

"(2) a training program that leads to a license, certificate, or degree and is linked to occupations in demand, which may include training provided in classroom, distance learning, and technology-based learning;

"(3) a training program that has been determined by a State to be eligible to receive payments under section 122 of the Workforce Investment Act of 1998 (29 U.S.C. 2842);

"(4) a program of remedial education that will enable a worker to obtain employment or to enroll in a training program described in paragraph (2) or (3); and

"(5) a training program for which all, or any portion, of the costs of training the worker are paid—

"(A) under any Federal or State program other than this chapter; or

"(B) from any source other than this section.

"(d) SHARING OF COSTS.—

"(1) IN GENERAL.—The Secretary is not required under subsection (a) to pay the costs of any training approved under such subsection to the extent that such costs are paid—

"(A) under any Federal or State program other than this chapter; or

"(B) from any source other than this section.

"(2) COST-SHARING AGREEMENT.—Before approving any training to which paragraph (1) may apply, the Secretary may require that the adversely affected worker or the adversely affected incumbent worker enter into an agreement with the Secretary under which the Secretary will not be required to pay under this section the portion of the costs of such training that the worker has reason to believe will be paid under the program, or by the source, described in subparagraph (A) or (B) of paragraph (1).

"(e) SUPPLEMENTAL ASSISTANCE.—

"(1) IN GENERAL.—The Secretary may, where appropriate, authorize supplemental assistance necessary to defray reasonable transportation and subsistence expenses for separate maintenance when training is provided in facilities that are not within commuting distance of a worker's regular place of residence.

"(2) LIMITATIONS.—The Secretary may not authorize—

"(A) payments for subsistence that exceed whichever is the lesser of—

"(i) the actual per diem expenses for subsistence; or

"(ii) payments at 50 percent of the prevailing per diem allowance rate authorized under the Federal travel regulations; or

"(B) payments for travel expenses exceeding the prevailing mileage rate authorized under the Federal travel regulations.

"(f) PAYMENT OF COSTS OF ON-THE-JOB TRAINING.—

"(1) IN GENERAL.—The Secretary shall pay the costs of any on-the-job training of an adversely affected worker that is approved under subsection (a)(l), but the Secretary may pay such costs, notwithstanding any other provision of this section, only if—

"(A) no currently employed worker is displaced by such adversely affected worker (including partial displacement such as a reduction in the hours of nonovertime work, wages, or employment benefits);

"(B) such training does not impair existing contracts for services or collective bargaining agreements;

"(C) in the case of training which would be inconsistent with the terms of a collective bargaining agreement, the written concurrence of the labor organization concerned has been obtained;

"(D) no other individual is on layoff from the same, or any substantially equivalent, job for which such adversely affected worker is being trained;

"(E) the employer has not terminated the employment of any regular employee or otherwise reduced the work force of the employer with the intention of filling the vacancy so created by hiring such adversely affected worker;

"(F) the job for which such adversely affected worker is being trained is not being created in a promotional line that will infringe in any way upon the promotional opportunities of currently employed individuals;

"(G) such training is not for the same occupation from which the worker was separated and with respect to which such worker's group was certified pursuant to section 222;

"(H) the employer is provided reimbursement of not more than 50 percent of the wage rate of the participant, for the cost of providing the training and additional supervision related to the training;

"(I) the duration of such training does not exceed 1 year; and

"(J) the employer has not received payment under subsection (a)(1) with respect to any other on-the-job training provided by such employer which failed to meet the requirements of subparagraphs (A), (B), (C), (D), (E), and (F).

"(2) SUPPLEMENTARY TRAINING.—An on-the-job training program approved under this section may include, as a component of such program, the provision of training with a provider other than the employer that is not provided on-the-job and is designed to enhance the occupational skills of the worker. The costs of such training shall be subject to the limitation described in subsection (b)(2)(B).

"(g) EFFECT OF APPROVED TRAINING ON ELIGIBILITY FOR UNEMPLOYMENT COMPENSATION.—A worker may not be determined to be ineligible or disqualified for unemployment insurance or program benefits under this subchapter because the individual is in training approved under subsection (a), because of leaving work which is

not comparable employment to enter such training, or because of the application to any such week in training of provisions of State law or Federal unemployment insurance law relating to availability for work, active search for work, or refusal to accept work.

"(h) DEFINITION.—In this section, the term 'customized training' means training that is—

"(1) designed to meet the special requirements of an employer or group of employers;

"(2) conducted with a commitment by the employer or group of employers to employ an individual upon successful completion of the training; and

"(3) for which the employer pays for a significant portion of the cost of such training, as determined by the Secretary.".

(b) CONFORMING AMENDMENTS.—Part II of subchapter B of chapter 2 of title II of the Trade Act of 1974 (19 U.S.C. 2295 et seq.) is amended—

(1) in section 237(b)(2), by striking "section 236(b)(1) and (2)" and inserting "section 236"; and

(2) in subsections (b)(1) and (c)(2) of section 238, by striking "section 236(b)(1) and (2)" each place it appears and inserting "section 236".

SEC. 123. JOB SEARCH ALLOWANCES.

Section 237(a)(2) of the Trade Act of 1974 (19 U.S.C. 2297(a)(2)) is amended—

(1) in subparagraph (B), by striking "suitable" and inserting "comparable"; and

(2) in subparagraph (C)(ii), by striking ", unless the worker received a waiver under section 231(c)".

SEC. 124. RELOCATION ALLOWANCES.

Section 238(a)(2) of the Trade Act of 1974 (19 U.S.C. 2298(a)(2)) is amended—

(1) in subparagraph (B), by striking "suitable" and inserting "comparable";

(2) in subparagraph (D)—

(A) in the heading, by striking "SUITABLE" and inserting "OUT-OF-AREA"; and

(B) in clause (i) to read as follows:

"(i) has obtained employment affording a reasonable expectation of long-term duration in the area in which the worker wishes to relocate and which provides wages that are substantially greater than the wages for the employment that is likely to be available to the worker in the area from which the worker would be relocating; and"; and

(3) in subparagraph (E)(ii), by striking ", unless the worker received a waiver under section 231(c)".

Subtitle C—General Provisions

SEC. 131. AGREEMENTS WITH STATES.

(a) IN GENERAL.—Subsection (a) of section 239 of the Trade Act of 1974 (19 U.S.C. 2311) is amended—

(1) in the matter preceding clause (1), by striking "any State agency" and inserting "a State agency";

(2) in clause (2), to read as follows: "(2) in accordance with subsections (e) and (f), will afford adversely affected workers testing and assessments, career counseling, referral to training and job search programs, and job placement services, and";

(3) by striking clause (3); and

(4) by redesignating clause (4) as clause (3).

(b) ADMINISTRATION.—Subsection (e) of such section is amended—

(1) in the first sentence, to read as follows: "Any agreement entered into under this section shall provide for the administration of the provision for reemployment services, training, and supplemental assistance under sections 235 and 236 of this Act by the same State agency responsible for the administration of the State workforce investment program funded under title I of the Workforce Investment Act of 1998 (29 U.S.C. 2801 et seq.) and shall include such terms and conditions as are established by the Secretary in consultation with the States and set forth in such agreement.";

(2) in the second sentence, by striking "Any agency" and inserting "The agency"; and

(3) by adding at the end the following new sentence: "The terms and conditions set forth in the agreement shall include at a minimum that—

"(1) adversely affected workers applying for assistance under this chapter shall be co-enrolled in the dislocated worker program authorized under chapter 5 of subtitle B of title I of the Workforce Investment Act of 1998 (29 U.S.C. 2861 et seq.); and

"(2) the services provided under this chapter shall be administered through the one-stop delivery system established under title I of such Act (29 U.S.C. 2801 et seq.).".

(c) COOPERATING STATE AGENCY.—Subsection (f) of such section is amended—

(1) in paragraph (2), by adding "and" at the end;

(2) by striking paragraph (3);

(3) by redesignating paragraph (4) as paragraph (3); and

(4) in paragraph (3) (as redesignated by paragraph (3) of this subsection), by striking "suitable".

(d) PERFORMANCE ACCOUNTABILITY.—Such section is further amended by adding at the end the following new subsection:

"(h) PERFORMANCE ACCOUNTABILITY.—

"(1) IN GENERAL.—Any agreement entered into under this section shall include performance measures that the cooperating State or State agency is expected to achieve with respect to the program carried out under this chapter. The performance measures shall consist of indicators of performance and levels of performance applicable to each indicator.

"(2) INDICATORS OF PERFORMANCE.—The indicators of performance shall be—

"(A) entry into employment;

"(B) retention in employment;

"(C) average earnings; and

"(D) such other indicators as the Secretary determines are appropriate.

"(3) LEVELS OF PERFORMANCE.—The levels of performance for each State for the indicators of performance described in para-

graph (2) shall be determined by the Secretary, after consultation with the State.

"(4) PERFORMANCE REPORTING.—Any agreement shall also include a requirement that the State annually report to the Secretary the level of performance achieved with respect to each indicator under the program carried out under this chapter in the preceding fiscal year, and the State shall submit such additional reports regarding the performance of programs as the Secretary may require. The Secretary shall make the information contained in the annual reports available to the general public through publication on the Website of the Department of Labor and other appropriate methods and shall provide copies of the reports to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate. The Secretary shall also publish on the Website of the Department of Labor a list identifying those States that fail to submit reports to the Secretary on a timely basis or fail to submit accurate reports.".

SEC. 132. AUTHORIZATION OF APPROPRIATIONS; INCENTIVE PAYMENTS TO STATES.

(a) IN GENERAL.—Subsection (a) of section 245 of the Trade Act of 1974 (19 U.S.C. 2317) is amended by striking "December 31, 2007" and inserting "September 30, 2012".

(b) INCENTIVE PAYMENTS TO STATES.—Such section is further amended by adding at the end the following new subsection:

"(c) INCENTIVE PAYMENTS TO STATES.—If, in the last quarter of any fiscal year, the Secretary determines that the amount of funds needed to make payments for the costs of training under this chapter for such fiscal year will not reach the amount of the limitation described in section 236(b)(1)(A) and funds appropriated to make payments for the costs of such training remain available for obligation, the Secretary may use not more than an amount equal to five percent of the amount of the limitation described in such section 236(b)(1)(A) to award funds to States that the Secretary determines have demonstrated exemplary performance in carrying out the program under this chapter with respect to exceeding the performance levels established pursuant to section 239(h) and with respect to such other factors as the Secretary determines appropriate. Such funds shall be available to the States for the purpose of enhancing the administration of the program which may include improvements to management information systems, targeted outreach, staff training, and enhanced services to participants.".

(c) CONFORMING AND CLERICAL AMENDMENTS.—

(1) CONFORMING AMENDMENT.—Such section is further amended in the heading by inserting before the period at the end the following: "**; INCENTIVE PAYMENTS TO STATES**".

(2) CLERICAL AMENDMENT.—The table of contents in section 1 of the Trade Act of 1974 is amended by striking the item relating to section 245 and inserting the following:

"Sec. 245. Authorization of appropriations; incentive payments to States.".

SEC. 133. PHASE-OUT OF DEMONSTRATION PROJECT FOR ALTERNATIVE TRADE ADJUSTMENT ASSISTANCE FOR OLDER WORKERS.

Section 246(b)(1) of the Trade Act of 1974 (19 U.S.C. 2318(b)(1)) is amended by striking "the date that is 5 years after the date

under which such program is implemented by the State" and inserting "September 30, 2008".

SEC. 134. WAGE SUPPLEMENT PROGRAM.

(a) IN GENERAL.—Chapter 2 of title II of the Trade Act of 1974 (19 U.S.C. 2271 et seq.) is amended by inserting after section 246 the following new section:

"SEC. 246A. WAGE SUPPLEMENT PROGRAM.

"(a) ESTABLISHMENT.—Beginning on October 1, 2008, the Secretary shall establish a program to provide the benefits described in subsection (b) to an adversely affected worker who meets the eligibility criteria described in subsection (c), including the requirement that such worker be employed for the minimum number of hours per week described in subsection (c)(3).

"(b) BENEFITS.—

"(1) AMOUNT OF PAYMENTS.—A State shall use the funds provided to the State under section 241 to pay an hourly wage supplement to an eligible adversely affected worker for a period not to exceed 2 years, in an amount equal to the difference, if any (but not less than zero) resulting from subtracting the amount described in paragraph (2)(B) from the amount described in paragraph (2)(A).

"(2) FACTORS.—(A) For purposes of paragraph (1), the amount described in this subparagraph is the sum of—

"(i) whichever is the highest of—

"(I) the hourly minimum wage that is applicable to a worker under the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.), or if such worker is exempt under section 13 of such Act (29 U.S.C. 213), the hourly minimum wage that would be applicable if section 6(a)(1) of such Act (29 U.S.C. 206(a)(1)) were applied; or

"(II) the applicable State or local hourly minimum wage; and

"(ii) $2.40.

"(B) For purposes of paragraph (1), the amount described in this subparagraph is the hourly wage actually paid to such worker.

"(3) HEALTH INSURANCE ELIGIBILITY.—A worker described in subsection (c) who is participating in the program established under subsection (a) is eligible to receive, for a period not to exceed 2 years, a credit for health insurance costs to the extent provided under section 35 of the Internal Revenue Code of 1986.

"(c) ELIGIBILITY FOR WAGE SUPPLEMENT.—A worker in a group that the Secretary has certified as eligible to apply for adjustment assistance under section 223 may elect to receive the benefits described in subsection (b) if such worker—

"(1) is covered by a certification under subchapter A of this chapter;

"(2) meets the requirements of paragraphs (1) and (2) of section 231(a));

"(3) is employed for an average of at least 30 hours per week, which may include employment as part of an apprenticeship

program registered under the National Apprenticeship Act (20 U.S.C. 50 et seq.);

"(4) does not return to the employment from which the worker was separated; and

"(5) has not received any payments under section 246 while covered under the same certification as described in paragraph (1).

"(d) EFFECT ON OTHER BENEFITS.—A worker receiving payments under this section shall not be eligible to receive other benefits under this chapter except for training assistance provided under section 236 (provided that such worker otherwise meets the requirements of section 236) or the assistance described in subsection (b)(3). A worker may receive payments under this section during breaks in training that exceed the period described in section 233(e) if the worker otherwise meets the requirements of this section.".

(b) CLERICAL AMENDMENT.—The table of contents in section 1 of the Trade Act of 1974 is amended by inserting after the item relating to section 246 the following:

"Sec. 246A. Wage supplement program.".

SEC. 135. DEFINITIONS.

Section 247 of the Trade Act of 1974 (19 U.S.C. 2319) is amended by adding at the end the following new paragraphs:

"(18) The term 'comparable employment' means, with respect to a worker, work of a substantially equal or higher skill level than the worker's past adversely affected employment, and wages for such work at not less than 80 percent of the worker's average weekly wage.

"(19) The term 'adversely affected incumbent worker' means a worker who is a member of a group of workers who have been certified as eligible to apply for adjustment assistance under subchapter A and who has not been separated from adversely affected employment.".

SEC. 136. CAPACITY-BUILDING GRANTS TO ENHANCE TRAINING FOR WORKERS.

(a) IN GENERAL.—Chapter 2 of title II of the Trade Act of 1974 (19 U.S.C. 2271 et seq.) is amended by adding at the end the following new section:

"SEC. 250. CAPACITY-BUILDING GRANTS TO ENHANCE TRAINING FOR WORKERS.

"(a) IN GENERAL.—The Secretary may award grants to eligible entities described in subsection (b) to temporarily increase the capacity of such entities, through the activities authorized under subsection (c), to provide training to workers as provided for in section 236.

"(b) ELIGIBLE ENTITIES.—An eligible entity referred to in subsection (a) is—

"(1) a community college (as such term is defined in section 202(a)(2) of the Carl D. Perkins Vocational and Applied Technology Education Amendments of 1998 (20 U.S.C. 2371(a)(2)) that provides training for occupations in demand; or

"(2) a provider of training for occupations in demand that is eligible to receive funds under section 122 of the Workforce Investment Act of 1998 (29 U.S.C. 2842).

"(c) AUTHORIZED ACTIVITIES.—An eligible entity that is awarded a grant under this section shall utilize funds under the grant to expand available training slots and prepare adversely affected workers and adversely affected incumbent workers under this chapter for occupations in demand by conducting such activities as the Secretary may authorize, including—

"(1) the development of education and training curricula, which may be developed in consultation with employers of incumbent workers, local workforce investment boards (as defined in section 117 of the Workforce Investment Act of 1998 (29 U.S.C. 2832)), labor organizations that represent individuals currently employed in occupations in demand for the local area, regional economic development agencies, one-stop operators (as defined in section 101(29) of such Act (29 U.S.C. 2801(29)), community-based organizations, or any other public or private entity that is likely to employ or facilitate the employment of adversely affected workers in occupations in demand;

"(2) the hiring of additional faculty and staff;

"(3) the acquisition of new equipment or the upgrading of existing equipment, which shall be necessary to facilitate the teaching of job skills to adversely affected workers and adversely affected incumbent workers; and

"(4) the development of a program to provide on-the-job training experiences for adversely affected workers in coordination with local employers that have committed to employ adversely affected workers following successful completion of the program.

"(d) APPLICATION.—

"(1) REQUESTS FOR APPLICATIONS.—

"(A) BY THE SECRETARY.—In each fiscal year, and at such times as the Secretary may determine, the Secretary may request applications from eligible entities to carry out activities authorized under this section.

"(B) BY AN ELIGIBLE ENTITY.—At any time, and in such form and manner as the Secretary may prescribe, an eligible entity may recommend that the Secretary initiate a request for capacity building grant applications if the eligible entity believes that there has been or will be a sudden and significant shortage of training slots available to adversely affected workers and adversely affected incumbent workers in a local area.

"(2) INFORMATION REQUIRED FOR APPLICATION.—To be eligible to receive a grant under this section, an applicant shall provide to the Secretary the following information in the application:

"(A) A description of the factors in a local area that have resulted or may result in a significant increase in demand for training slots by adversely affected workers and adversely affected incumbent workers, which may include—

"(i) mass layoffs at firms that are believed to employ a large number of adversely affected workers;

"(ii) imminent closure or relocation of facilities that are believed to employ a large number of adversely affected workers; and

"(iii) prevailing labor market conditions that may have an immediate, measurable adverse employment impact on the employment of adversely affected workers.

"(B) A description of the number of training slots currently available to adversely affected workers and adversely affected incumbent workers, and the number of proposed additional slots to be made available using funds under the grant.

"(C) A description of the potential number of adversely affected workers and adversely affected incumbent workers in the local area who would be able to access increased training slots.

"(D) A description of the commitment made by local employers, labor organizations, and other public or private organizations to assist in the development of training and related curricula for the benefit of adversely affected workers and adversely affected incumbent workers.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $50,000,000 for each of fiscal years 2008 through 2012.".

(b) CLERICAL AMENDMENT.—The table of contents in section 1 of the Trade Act of 1974 is amended by inserting after the item relating to section 249 the following:

"Sec. 250. Capacity-building grants to enhance training for workers.".

Subtitle D—Effective Date

SEC. 141. EFFECTIVE DATE.

The amendments made by this title shall take effect beginning 90 days after the date of the enactment of this Act.

TITLE II—OTHER TRADE ADJUSTMENT ASSISTANCE PROGRAMS AND RELATED PROVISIONS

SEC. 201. TECHNICAL ASSISTANCE FOR FIRMS.

Section 253 of the Trade Act of 1974 (19 U.S.C. 2343) is amended by adding at the end the following new subsections:

"(c)(1) Any grant made under subsection (b)(3) shall include performance measures that an intermediary organization is expected to achieve with respect to the program carried out under this chapter. The performance measures shall consist of indicators of performance described in paragraph (2) and levels of performance described in paragraph (3) applicable to each such indicator of performance.

"(2) The indicators of performance referred to in paragraph (1) are the following:

"(A) The extent to which outreach efforts effectively apprise import-impacted firms likely to benefit from the program about resources available under the program.

"(B) The extent to which firms receiving adjustment assistance under section 252 meet or exceed targets to retain or create employment.

"(C) The percentage of workers totally or partially separated from employment that have returned to work or returned to their previous level of employment.

"(D) The extent to which firms receiving adjustment assistance under section 252 meet or exceed targets for maintaining or increasing sales or production.

"(E) Such other indicators of performance as the Secretary may determine are appropriate.

"(3) The levels of performance referred to in paragraph (1) shall be determined by the Secretary, after consultation with the intermediary organization. In reviewing an intermediary organization's levels of performance, the Secretary shall take into consideration economic conditions affecting the region served by the organization that may affect that performance.

"(4)(A) Any grant made under subsection (b)(3) shall also include a requirement that the intermediary organization submit to the Secretary a report on an annual basis on the levels of performance achieved with respect to each indicator of performance under the program carried out under this chapter in the preceding fiscal year, and such additional reports regarding such indicators of performance as the Secretary may require.

"(B) The Secretary shall make the information contained in the reports described in subparagraph (A) available to the general public through publication on the Website of the Economic Development Administration and other appropriate methods. The Secretary shall provide copies of the reports described in subparagraph (A) to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

"(C) The Secretary shall also publish on the Website of the Economic Development Administration a list that identifies those intermediary organizations that fail to submit reports to the Secretary in accordance with subparagraph (A) on a timely basis or fail to submit accurate reports to the Secretary in accordance with subparagraph (A).

"(d) At least once every three years, the Secretary shall provide for an independent evaluation of each intermediary organization receiving assistance under this section to assess the intermediary organization's performance and contribution toward retention and creation of employment. The purpose of the evaluations shall be to determine which intermediary organizations are performing well and merit continued assistance under this section and which intermediary organizations should not receive continued assistance under this section, so that other universities and intermediary organizations that have not previously received assistance under this section may participate in the program carried out under this chapter.".

SEC. 202. EXTENSION OF TRADE ADJUSTMENT ASSISTANCE FOR FIRMS.

Section 256(b) of the Trade Act of 1974 (19 U.S.C. 2346(b)) is amended—

(1) by striking "and $4,000,000" and inserting "$4,000,000"; and

(2) by inserting after "October 1, 2007," the following: "$15,000,000 for the 9-month period beginning on January 1, 2008, and $19,000,000 for each of the fiscal years 2009 through 2012,".

SEC. 203. EXTENSION OF TRADE ADJUSTMENT ASSISTANCE FOR FARMERS.

Section 298(a) of the Trade Act of 1974 (19 U.S.C. 2401g(a)) is amended by adding at the end the following new sentence: "There are authorized to be appropriated to the Department of Agriculture to carry out this chapter $81,000,000 for the 9-month period beginning on January 1, 2008, and $90,000,000 for each of the fiscal years 2009 through 2012.".

SEC. 204. JUDICIAL REVIEW.

(a) IN GENERAL.—Section 284(a) of the Trade Act of 1974 (19 U.S.C. 2395(a)) is amended in the first sentence—

(1) by striking "or authorized representative" and inserting "or other duly authorized representative";

(2) by striking "aggrieved" and inserting ", or any of the individuals or entities described in section 221(a)(1)(C), aggrieved (or on behalf of such workers aggrieved)"; and

(3) by striking "section 223" and inserting "section 226".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect beginning 90 days after the date of the enactment of this Act.

SEC. 205. TERMINATION.

Section 285 of the Trade Act of 1974 (19 U.S.C. 2271 note) is amended by striking "December 31, 2007" each place it appears and inserting "September 30, 2012".

TITLE III—MISCELLANEOUS PROVISIONS

SEC. 301. CREDIT REDUCTION FOR FAILURES RELATING TO CO-ENROLLMENT OF PARTICIPANTS AND PROGRAM PERFORMANCE REPORTS.

(a) IN GENERAL.—Paragraph (3) of section 3302(c) of the Internal Revenue Code of 1986 is amended—

(1) by striking "(3) If" and inserting "(3) (A) Except as provided in subparagraph (B), if",

(2) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively, and

(3) by adding at the end the following new subparagraph:

"(B) If the Secretary of Labor determines that a State, or State agency, failed to meet the requirements of subsections (e)(1) (relating to the co-enrollment of participants) or (h)(3) (relating to the submission of reports on program performance) of section 239 of the Trade Act of 1974, the Secretary of Labor may direct that, in the case of a taxpayer subject to the unemployment compensation law of such State, the total credits (after applying subsections (a) and (b) and paragraphs (1) and (2) of this section) otherwise allowable under this section for a year during which such State or agency fails to meet those requirements shall (in lieu of reduction under subparagraph (A))

be reduced by 3 percent of the tax imposed with respect to wages paid by such taxpayer during such year which are attributable to such State.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to taxable years beginning after September 30, 2008.

SEC. 302. TAA WAGE SUPPLEMENT PARTICIPANTS ELIGIBILITY FOR CREDIT FOR HEALTH INSURANCE COSTS.

(a) ELIGIBILITY.—Paragraph (1) of section 35(c) of the Internal Revenue Code of 1986 is amended by striking "and" at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting ", and" , and by adding after subparagraph (C) the following:

"(D) an eligible TAA wage supplement recipient.".

(b) ELIGIBLE TAA WAGE SUPPLEMENT RECIPIENT DEFINED.—Subsection (c) of section 35 of such Code is amended by adding after paragraph (4) the following:

"(5) ELIGIBLE TAA WAGE SUPPLEMENT RECIPIENT.—The term 'eligible TAA wage supplement recipient' means, with respect to any month, any individual who—

"(A) is a worker described in section 246A(c) of the Trade Act of 1974 who is participating in the wage supplement program established under section 246A(a) of such Act, and

"(B) is receiving a benefit for such month under section 246A(b) of such Act.

An individual shall continue to be treated as an eligible TAA wage supplement recipient during the first month that such individual would otherwise cease to be an eligible TAA wage supplement recipient by reason of the preceding sentence.".

(c) QUALIFIED HEALTH INSURANCE.—Subparagraph (J) of section 35(e)(1) of such Code is amended by striking "or" at the end of clause (ii), by striking the period at the end of clause (iii) and inserting ", or" , and by inserting after clause (iii) the following:

"(iv) in the case of an eligible TAA wage supplement recipient, the benefit described in subsection (c)(5)(B).".

(d) SUBSIDIZED COVERAGE.—Subparagraph (B) of section 35(f)(1) of such Code is amended —

(1) by inserting "or an eligible TAA wage supplement recipient" after "eligible alternative TAA recipient" in the matter preceding clause (i), and

(2) by inserting "OR ELIGIBLE TAA WAGE SUPPLEMENT RECIPIENTS" after "ELIGIBLE ALTERNATIVE TAA RECIPIENTS" in the heading.

(e) ADVANCE PAYMENT OF HCTC.—Paragraph (1) of section 7527(d) of such Code is amended by striking "or an eligible alternative TAA recipient (as defined in section 35(c)(3))" and inserting ", an eligible alternative TAA recipient (as defined in section 35(c)(3)), or an eligible TAA wage supplement recipient (as defined in section 35(c)(5))".

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2007.

SEC. 303. SPECIAL ALLOCATION UNDER NEW MARKETS TAX CREDIT IN CONNECTION WITH TRADE ADJUSTMENT ASSISTANCE.

(a) IN GENERAL.—Section 45D of the Internal Revenue Code of 1986 is amended by redesignating subsection (i) as subsection (j) and by inserting after subsection (h) the following new subsection:

"(i) SPECIAL ALLOCATIONS IN CONNECTION WITH TRADE ADJUSTMENT ASSISTANCE.—

"(1) ALLOCATIONS.—The new markets tax credit limitation otherwise determined under subsection (f)(1) shall be increased by an amount equal to $500,000,000 for 2008 to be allocated among qualified community development entities to make capital or equity investments in, or loans to, qualified TAA businesses.

"(2) RESTRICTION ON DESIGNATION.—A qualified community development entity receiving an allocation under paragraph (1) may not use such allocation to designate any qualified equity investment under subsection (b)(1)(C) unless substantially all of such investment is used for the purpose described in paragraph (1).

"(3) QUALIFIED TAA BUSINESSES.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'qualified TAA business' means, with respect to any taxable year—

"(i) any qualified active low-income community business (as defined in subsection (d)(2)) which meets the requirements of clause (i) or (ii) of subparagraph (B) for such taxable year, and

"(ii) any specified TAA business.

"(B) SPECIFIED TAA BUSINESS.—The term 'specified TAA business' means, with respect to any taxable year, any corporation (including a nonprofit corporation) or partnership if—

"(i) not less than 40 percent of the individuals hired by such entity during such taxable year were eligible TAA recipients (as defined in section 35(c)(2)) or eligible alternative TAA recipients (as defined in section 35(c)(3)) with respect to any month beginning during the 1-year period ending on the hiring date (as defined in section 51(d)) of such individual,

"(ii) such entity is certified by the Secretary of Commerce as eligible to apply for adjustment assistance under chapter 3 of title II of the Trade Act of 1974 with respect to any portion of the taxable year in which the investment or loan referred to in paragraph (1) is made, and

"(iii) the Secretary determines that such entity will utilize the assistance provided pursuant to this section in a manner consistent with the purposes of subsection (d)(2)(A).

The requirement of clause (i) shall be treated as satisfied for any taxable year if such clause would be satisfied if all individuals hired by such entity during such taxable year and all preceding taxable years which are not before the taxable year in which the investment or loan referred to in paragraph (1) was made were taken into account.

"(4) REALLOCATIONS.—Subsection (f)(3) shall be applied separately with respect to the amount of the increase under paragraph (1).".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to allocations made after December 31, 2007.

SEC. 304. EXPEDITED REEMPLOYMENT DEMONSTRATION PROJECTS.

Title III of the Social Security Act (42 U.S.C. 501 and following) is amended by adding at the end the following:

"DEMONSTRATION PROJECTS

"SEC. 305. (a) The Secretary of Labor may enter into agreements, with States submitting an application described in subsection (b), for the purpose of allowing such States to conduct demonstration projects to test and evaluate measures designed—

"(1) to expedite, such as through the use of a wage insurance program, the reemployment of individuals who establish initial eligibility for unemployment compensation under the State law of such State; or

"(2) to improve the effectiveness of such State in carrying out its State law.

"(b) The Governor of any State desiring to conduct a demonstration project under this section shall submit an application to the Secretary of Labor at such time, in such manner, and including such information as the Secretary of Labor may require. Any such application shall, at a minimum, include—

"(1) a general description of the proposed demonstration project, including the authority (under the laws of the State) for the measures to be tested, as well as the period of time during which such demonstration project would be conducted;

"(2) if a waiver under subsection (c) is requested, the specific aspects of the project to which the waiver would apply and the reasons why such waiver is needed;

"(3) a description of the goals and the expected programmatic outcomes of the demonstration project, including how the project would contribute to the objective described in subsection (a)(1), subsection (a)(2), or both;

"(4) assurances (accompanied by supporting analysis) that the demonstration project would not result in any increased net costs to the State's account in the Unemployment Trust Fund;

"(5) a description of the manner in which the State—

"(A) will conduct an impact evaluation, using a control or comparison group or other valid methodology, of the demonstration project; and

"(B) will determine the extent to which the goals and outcomes described in paragraph (3) were achieved; and

"(6) assurances that the State will provide any reports relating to the demonstration project, after its approval, as the Secretary of Labor may require.

"(c) The Secretary of Labor may waive any of the requirements of section 3304(a)(4) of the Internal Revenue Code of 1986 or of paragraph (1) or (5) of section 303(a), to the extent and for the period the Secretary of Labor considers necessary to enable the State to carry out a demonstration project under this section.

"(d) A demonstration project under this section—

"(1) may be commenced any time after September 30, 2007; and

"(2) may not, under subsection (b), be approved for a period of time greater than 2 years, subject to extension upon request of the Governor of the State involved for such additional period as the Secretary of Labor may agree to, except that in no event may a demonstration project under this section be conducted after the end of the 5-year period beginning on the date of the enactment of this section.

"(e) The Secretary of Labor shall, in the case of any State for which an application is submitted under subsection (b)—

"(1) notify the State as to whether such application has been approved or denied within 90 days after receipt of a complete application, and

"(2) provide public notice of the decision within 10 days after providing notification to the State in accordance with paragraph (1).

Public notice under paragraph (2) may be provided through the Internet or other appropriate means. Any application under this section that has not been approved within such 90 days shall be treated as denied.

"(f) The Secretary of Labor may terminate a demonstration project under this section if the Secretary determines that the State has not complied with the terms and conditions of the project.".

SEC. 305. INCREASE IN PERCENTAGE OF TAA AND PBGC HEALTH INSURANCE TAX CREDIT.

(a) IN GENERAL.—Subsection (a) of section 35 of the Internal Revenue Code of 1986 is amended by striking "65 percent" and inserting "70 percent".

(b) CONFORMING AMENDMENT.—Subsection (b) of section 7527 of such Code is amended by striking "65 percent" and inserting "70 percent".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to months beginning after December 31, 2007, in taxable years ending after such date.

SEC. 306. COLLECTION OF UNEMPLOYMENT COMPENSATION DEBTS.

(a) IN GENERAL.—Section 6402 of the Internal Revenue Code (relating to authority to make credits or refunds) is amended by redesignating subsections (f) through (k) as subsections (g) through (l), respectively, and by inserting after subsection (e) the following new subsection:

"(f) COLLECTION OF UNEMPLOYMENT COMPENSATION DEBTS.—

"(1) IN GENERAL.—Upon receiving notice from any State that a named person owes a covered unemployment compensation debt to such State, the Secretary shall, under such conditions as may be prescribed by the Secretary—

"(A) reduce the amount of any overpayment payable to such person by the amount of such covered unemployment compensation debt;

"(B) pay the amount by which such overpayment is reduced under subparagraph (A) to such State and notify

such State of such person's name, taxpayer identification number, address, and the amount collected; and

"(C) notify the person making such overpayment that the overpayment has been reduced by an amount necessary to satisfy a covered unemployment compensation debt.

If an offset is made pursuant to a joint return, the notice under subparagraph (B) shall include the names, taxpayer identification numbers, and addresses of each person filing such return and the notice under subparagraph (C) shall include information related to the rights of a spouse of a person subject to such an offset.

"(2) PRIORITIES FOR OFFSET.—Any overpayment by a person shall be reduced pursuant to this subsection—

"(A) after such overpayment is reduced pursuant to—

"(i) subsection (a) with respect to any liability for any internal revenue tax on the part of the person who made the overpayment;

"(ii) subsection (c) with respect to past-due support; and

"(iii) subsection (d) with respect to any past-due, legally enforceable debt owed to a Federal agency; and

"(B) before such overpayment is credited to the future liability for any Federal internal revenue tax of such person pursuant to subsection (b).

If the Secretary receives notice from a State or States of more than one debt subject to paragraph (1) or subsection (e) that is owed by a person to such State or States, any overpayment by such person shall be applied against such debts in the order in which such debts accrued.

"(3) NOTICE; CONSIDERATION OF EVIDENCE.—No State may take action under this subsection until such State—

"(A) notifies the person owing the covered unemployment compensation debt that the State proposes to take action pursuant to this section;

"(B) provides such person at least 60 days to present evidence that all or part of such liability is not legally enforceable;

"(C) considers any evidence presented by such person and determines that an amount of such debt is legally enforceable; and

"(D) satisfies such other conditions as the Secretary may prescribe to ensure that the determination made under subparagraph (C) is valid and that the State has made reasonable efforts to obtain payment of such covered unemployment compensation debt.

"(4) COVERED UNEMPLOYMENT COMPENSATION DEBT.—For purposes of this subsection, the term 'covered unemployment compensation debt' means—

"(A) a past-due debt for erroneous payment of unemployment compensation which has become final under the law of a State certified by the Secretary of Labor pursuant to section 3304 and which remains uncollected;

"(B) contributions due to the unemployment fund of a State for which the State has determined the person to be liable; and

"(C) any penalties and interest assessed on such debt.

"(5) REGULATIONS.—

"(A) IN GENERAL.—The Secretary may issue regulations prescribing the time and manner in which States must submit notices of covered unemployment compensation debt and the necessary information that must be contained in or accompany such notices. The regulations may specify the minimum amount of debt to which the reduction procedure established by paragraph (1) may be applied.

"(B) FEE PAYABLE TO SECRETARY.—The regulations may require States to pay a fee to the Secretary, which may be deducted from amounts collected, to reimburse the Secretary for the cost of applying such procedure. Any fee paid to the Secretary pursuant to the preceding sentence shall be used to reimburse appropriations which bore all or part of the cost of applying such procedure.

"(C) SUBMISSION OF NOTICES THROUGH SECRETARY OF LABOR.—The regulations may include a requirement that States submit notices of covered unemployment compensation debt to the Secretary via the Secretary of Labor in accordance with procedures established by the Secretary of Labor. Such procedures may require States to pay a fee to the Secretary of Labor to reimburse the Secretary of Labor for the costs of applying this subsection. Any such fee shall be established in consultation with the Secretary of the Treasury. Any fee paid to the Secretary of Labor may be deducted from amounts collected and shall be used to reimburse the appropriation account which bore all or part of the cost of applying this subsection.

"(6) ERRONEOUS PAYMENT TO STATE.—Any State receiving notice from the Secretary that an erroneous payment has been made to such State under paragraph (1) shall pay promptly to the Secretary, in accordance with such regulations as the Secretary may prescribe, an amount equal to the amount of such erroneous payment (without regard to whether any other amounts payable to such State under such paragraph have been paid to such State).".

(b) DISCLOSURE OF CERTAIN INFORMATION TO STATES REQUESTING REFUND OFFSETS FOR LEGALLY ENFORCEABLE STATE UNEMPLOYMENT COMPENSATION DEBT.—

(1) GENERAL RULE.—Paragraph (3) of section 6103(a) of such Code is amended by inserting "(10)," after "(6),".

(2) DISCLOSURE TO DEPARTMENT OF LABOR AND ITS AGENT.—Paragraph (10) of section 6103(l) of such Code is amended—

(A) by striking "(c), (d), or (e)" each place it appears in the heading and text and inserting "(c), (d), (e), or (f)",

(B) in subparagraph (A) by inserting ", to officers and employees of the Department of Labor and its agent for purposes of facilitating the exchange of data in connection with a request made under subsection (f)(5) of section 6402," after "section 6402", and

(C) in subparagraph (B) by inserting ", and any agents of the Department of Labor," after "agency" the first place it appears.

(3) SAFEGUARDS.—Paragraph (4) of section 6103(p) of such Code is amended—

(A) in the matter preceding subparagraph (A), by striking "(l)(16)," and inserting "(l)(10), (16),";

(B) in subparagraph (F)(i), by striking "(l)(16)," and inserting "(l)(10), (16),"; and

(C) In the matter following subparagraph (f)(iii)—

(i) in each of the first two places it appears, by striking "(l)(16)," and inserting "(l)(10), (16),";

(ii) by inserting "(10)," after "paragraph (6)(A),"; and

(iii) in each of the last two places it appears, by striking "(l)(16)" and inserting "(l)(10) or (16)".

(c) EXPENDITURES FROM STATE FUND.—Section 3304(a)(4) of such Code is amended—

(1) in subparagraph (E), by striking "and" after the semicolon;

(2) in subparagraph (F), by inserting "and" after the semicolon; and

(3) by adding at the end the following new subparagraph:

"(G) WITH RESPECT TO AMOUNTS OF COVERED UNEMPLOYMENT COMPENSATION DEBT (AS DEFINED IN SECTION 6402(F)(4)) COLLECTED UNDER SECTION 6402(F).—

"(i) amounts may be deducted to pay any fees authorized under such section; and

"(ii) the penalties and interest described in section 6402(f)(4)(B) may be transferred to the appropriate State fund into which the State would have deposited such amounts had the person owing the debt paid such amounts directly to the State;".

(d) CONFORMING AMENDMENTS.—

(1) Subsection (a) of section 6402 of such Code is amended by striking "(c), (d), and (e)," and inserting "(c), (d), (e), and (f)".

(2) Paragraph (2) of section 6402(d) of such Code is amended by striking "and before such overpayment is reduced pursuant to subsection (e)" and inserting "and before such overpayment is reduced pursuant to subsections (e) and (f)".

(3) Paragraph (3) of section 6402(e) of such Code is amended in the last sentence by inserting "or subsection (f)" after "paragraph (1)".

(4) Subsection (g) of section 6402 of such Code, as redesignated by subsection (a), is amended by striking "(c), (d), or (e)" and inserting "(c), (d), (e), or (f)".

(5) Subsection (i) of section 6402 of such Code, as redesignated by subsection (a), is amended by striking "subsection (c) or (e)" and inserting "subsection (c), (e), or (f)".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to refunds payable under section 6402 of the Internal Revenue Code of 1986 on or after the date of enactment of this Act.

SEC. 307. OFFSETS.

(a) TIME FOR PAYMENT OF CORPORATE ESTIMATED TAXES.—Subparagraph (B) of section 401(1) of the Tax Increase Prevention and

Reconciliation Act of 2005 is amended by striking "115 percent" and inserting "127.50 percent".

(b) CUSTOMS USER FEES.—Section 13031(j)(3)(A) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(j)(3)(A)) is amended by striking "October 21, 2014" and inserting "February 17, 2015".

(c) TIMEFRAME FOR MEDICARE PART A AND B PAYMENTS.—Notwithstanding sections 1816(c) and 1842(c)(2) of the Social Security Act or any other provision of law—

(1) any payment from the Federal Hospital Insurance Trust Fund under section 1817 of the Social Security Act (42 U.S.C. 1395i) or from the Federal Supplementary Medical Insurance Trust Fund under section 1841 of such Act (42 U.S.C. 1395t) for claims submitted under part A or B of title XVIII of such Act for items and services furnished under such part A or B, respectively, that would otherwise be payable during the period beginning on September 22, 2012, and ending on September 30, 2012, shall be paid on the first business day of October 2012; and

(2) no interest or late penalty shall be paid to an entity or individual for any delay in a payment by reason of the application of paragraph (1).

TITLE IV—WORKFORCE INVESTMENT IMPROVEMENT

SEC. 401. SHORT TITLE.

This title may be cited as the "Workforce Investment Improvement Act of 2007".

SEC. 402. REFERENCES.

Except as otherwise expressly provided, wherever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the amendment or repeal shall be considered to be made to a section or other provision of the Workforce Investment Act of 1998 (20 U.S.C. 9201 et seq.).

Subtitle A—Amendments to Title I of the Workforce Investment Act of 1998

SEC. 411. DEFINITIONS.

Section 101 (29 U.S.C. 2801) is amended—

(1) by striking paragraphs (13) and (24) and redesignating paragraphs (1) through (12) as paragraphs (3) through (14), and paragraphs (14) through (23) as paragraphs (15) through (24), respectively;

(2) by inserting after "In this title:" the following new paragraphs:

"(1) ACCRUED EXPENDITURES.—The term 'accrued expenditures' means charges incurred by recipients of funds under this title for a given period requiring the provision of funds for goods or other tangible property received; services performed by employees, contractors, subgrantees, subcontractors, and

other payees; and other amounts becoming owed under programs assisted under this title for which no current services or performance is required, such as annuities, insurance claims, and other benefit payments.

"(2) ADMINISTRATIVE COSTS.—The term 'administrative costs' means expenditures incurred by State and local workforce investment boards, direct recipients (including State grant recipients under subtitle B and recipients of awards under subtitle D), local grant recipients, local fiscal agents or local grant subrecipients, and one-stop operators in the performance of administrative functions and in carrying out activities under this title which are not related to the direct provision of workforce investment services (including services to participants and employers). Such costs include both personnel and non-personnel and both direct and indirect.";

(3) in paragraph (6) (as so redesignated), by inserting "(or such other level as the Governor may establish)" after "8th grade level";

(4) in paragraph (10)(C) (as so redesignated), by striking "not less than 50 percent of the cost of the training" and inserting "a significant portion of the cost of training, as determined by the local board (or, in the case of an employer in multiple local areas in the State, as determined by the Governor), taking into account the size of the employer and such other factors as the local board determines to be appropriate"; and

(5) in paragraph (11) (as so redesignated)—

(A) in subparagraph (A)(ii)(II), by striking "section 134(c)" and inserting "section 121(e)";

(B) in subparagraph (B)(iii), by striking "intensive services described in section 134(d)(3)" and inserting "work ready services described in section 134(c)(3)(M) through (U)";

(C) in subparagraph (C), by striking "or" after the semicolon;

(D) in subparagraph (D), by striking the period and inserting "; or"; and

(E) by adding at the end the following:

"(E)(i) is the spouse of a member of the Armed Forces on active duty for a period of more than 30 days (as defined in section 101(d)(2) of title 10, United States Code) who has experienced a loss of employment as a direct result of relocation to accommodate a permanent change in duty station of such member; or

"(ii) is the spouse of a member of the Armed Forces on active duty who meets the criteria described in paragraph (12)(B).";

(6) in paragraph (12)(A) (as redesignated)—

(A) by striking "and" after the semicolon and inserting "or";

(B) by striking "(A)" and inserting "(A)(i)"; and

(C) by adding at the end the following:

"(ii) is the dependent spouse of a member of the Armed Forces on active duty for a period of more than 30 days (as defined in section 101(d)(2) of title 10, United States Code) whose family income is significantly reduced because of a

deployment (as defined in section 991(b) of title 10, United States Code, or pursuant to paragraph (4) of such section), a call or order to active duty pursuant to a provision of law referred to in section 101(a)(13)(B) of title 10, United States Code, a permanent change of station, or the service-connected (as defined in section 101(16) of title 38, United States Code) death or disability of the member; and";

(7) in paragraph (13) (as so redesignated), by inserting "or regional" after "local" each place it appears;

(8) in paragraph (14) (as so redesignated)—

(A) in subparagraph (A), by striking "section 122(e)(3)" and inserting "section 122"; and

(B) by striking subparagraph (B), and inserting the following:

"(B) work ready services, means a provider who is identified or awarded a contract as described in section 134(c)(3);".

(9) in paragraph (25)—

(A) in subparagraph (B), by striking "higher of—" and all that follows through clause (ii) and inserting "poverty line for an equivalent period;"; and

(B) by redesignating subparagraphs (D) through (F) as subparagraphs (E) through (G), respectively, and inserting after subparagraph (C) the following:

"(D) receives or is eligible to receive free or reduced price lunch under the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.);";

(10) in paragraph (32) by striking "the Republic of the Marshall Islands, the Federated States of Micronesia,"; and

(11) by striking paragraph (33) and redesignating paragraphs (34) through (53) as paragraphs (33) through (52), respectively.

SEC. 412. PURPOSE.

Section 106 (29 U.S.C. 2811) is amended by inserting at the end the following: "It is also the purpose of this subtitle to provide workforce investment activities in a manner that promotes the informed choice of participants and actively involves participants in obtaining training services that will increase their skills and improve their employment outcomes.".

SEC. 413. STATE WORKFORCE INVESTMENT BOARDS.

(a) MEMBERSHIP.—

(1) IN GENERAL.—Section 111(b) (29 U.S.C. 2821(b)) is amended—

(A) by amending paragraph (1)(C) to read as follows:

"(C) representatives appointed by the Governor, who are—

"(i)(I) the lead State agency officials with responsibility for the programs and activities that are described in section 121(b) and carried out by one-stop partners;

"(II) in any case in which no lead State agency official has responsibility for such a program or activity, a representative in the State with expertise relating to such program or activity; and

"(III) if not included under subclause (I), the director of the State unit, defined in section 7(8)(B) of the Rehabilitation Act of 1973 (29 U.S.C. 705(8)(B)) except that in a State that has established 2 or more designated State units to administer the vocational rehabilitation program, the board representative shall be the director of the designated State unit that serves the most individuals with disabilities in the State;

"(ii) the State agency officials responsible for economic development;

"(iii) representatives of business in the State who—

"(I) are owners of businesses, chief executive or operating officers of businesses, and other business executives or employers with optimum policy making or hiring authority, including members of local boards described in section 117(b)(2)(A)(i);

"(II) represent businesses with employment opportunities that reflect employment opportunities in the State; and

"(III) are appointed from among individuals nominated by State business organizations and business trade associations;

"(iv) chief elected officials (representing both cities and counties, where appropriate);

"(v) one or more representatives of labor organizations, who have been nominated by State labor federations or labor organizations within the State; and

"(vi) such other representatives and State agency officials as the Governor may designate."; and

(B) in paragraph (3), by striking "paragraph (1)(C)(i)" and inserting "paragraph (1)(C)(iii)".

(2) CONFORMING AMENDMENT.—Section 111(c) (29 U.S.C. 2811(c)) is amended by striking "subsection (b)(1)(C)(i)" and inserting "subsection (b)(1)(C)(iii)".

(b) FUNCTIONS.—Section 111(d) (29 U.S.C. 2811(d)) is amended—

(1) in paragraph (2), by striking "section 134(c)" and inserting "section 121(e)";

(2) by amending paragraph (3) to read as follows:

"(3) development and review of statewide policies affecting the integrated provision of services through the one-stop delivery system described in section 121 within the State, including—

"(A) the development of objective criteria and procedures for, and the issuance of, certifications of one-stop centers;

"(B) the criteria for the allocation of one-stop center infrastructure funding under section 121(h), and oversight of the use of such funds;

"(C) policies relating to the appropriate roles and contributions of one-stop partner programs within the one-stop delivery system, including approaches to facilitating equitable and efficient cost allocation in the one-stop delivery system, consistent with section 121;

"(D) strategies for providing effective outreach to individuals and employers who could benefit from services provided through the one-stop delivery system; and

"(E) strategies for technology improvements to facilitate access to services provided through the one-stop delivery system, in remote areas, and for individuals with disabilities, which may be utilized throughout the State;

"(F) identification and dissemination of information on best practices for effective operation of one-stop centers, including use of innovative business outreach, partnerships, and service delivery strategies, including for hard-to-serve populations; and

"(G) carrying out of such other matters as may promote statewide objectives for, and enhance the performance of, the one-stop delivery system;";

(3) in paragraph (4), by inserting "and the development of State criteria relating to the appointment and certification of local boards under section 117" after "section 116";

(4) in paragraph (5), by striking "128(b)(3)(B) and 133(b)(3)(B)" and inserting "sections 128(b)(3) and 133(b)(3)"; and

(5) in paragraph (8)—

(A) by striking "employment statistics system" and inserting "workforce and labor market information system"; and

(B) by striking "and" after the semicolon;

(6) in paragraph (9)—

(A) by striking "section 503" and inserting "section 136(i)"; and

(B) by striking the period and inserting "; and"; and

(7) by inserting the following new paragraph after paragraph (9):

"(10) reviewing and providing comment on the State plans of all one-stop partner programs, where applicable, in order to provide effective strategic leadership in the development of a high-quality, comprehensive statewide workforce investment system.".

(c) ELIMINATION OF ALTERNATIVE ENTITY AND PROVISION OF AUTHORITY TO HIRE STAFF.—Section 111(e) (29 U.S.C. 2821(e)) is amended to read as follows:

"(e) AUTHORITY TO HIRE STAFF.—The State board may hire staff to assist in carrying out the functions described in subsection (d).".

(d) CONFLICT OF INTEREST.—Section 111(f)(1) (29 U.S.C. 2821(f)(1)) is amended by inserting "or participate in action taken" after "vote".

(e) SUNSHINE PROVISION.—Section 111(g) (29 U.S.C. 2821(g)) is amended—

(1) by inserting ", and modifications to the State plan," after "State plan" ; and

(2) by inserting ", and modifications to the State plan" after "the plan".

SEC. 414. STATE PLAN.

(a) PLANNING CYCLE.—Section 112(a) (29 U.S.C. 2822(a)) is amended by striking "5-year strategy" and inserting "2-year strategy".

(b) CONTENTS.—Section 112(b) (29 U.S.C. 2822(b)) is amended—

(1) by amending paragraph (7) to read as follows:

"(7) a description of the State criteria for determining the eligibility of training providers in accordance with section 122, including how the State will take into account the performance of providers and whether the training programs relate to occupations that are in demand;";

(2) in paragraph (8)—

(A) in subparagraph (A)—

(i) in clause (ix), by striking "and" after the semicolon;

(ii) by adding the following new clause after clause (x):

"(xi) programs authorized under title II of the Social Security Act (42 U.S.C. 401 et seq.) (related to Federal old-age, survivors, and disability insurance benefits), title XVI of such Act (42 U.S.C. 1381 et seq.) (relating to supplemental security income), title XIX of such Act (42 U.S.C. 1396 et seq.) (relating to Medicaid), and title XX of such Act (42 U.S.C. 1397 et seq.) (relating to block grants to States for social services), programs authorized under title VII of the Rehabilitation Act of 1973 (29 U.S.C. 796 et seq.), and programs carried out by State agencies relating to mental retardation and developmental disabilities; and";

(B) by amending subparagraph (B) to read as follows:

"(B) a description of common data collection and reporting processes used for the programs and activities described in subparagraph (A) that are one-stop partners, including assurances that such processes utilize quarterly wage records for performance measures relating to entry into employment, retention in employment, and average earnings that are applicable to such programs or activities, or, if such records are not being used, an identification of the barriers to such use and a description of how the State will address such barriers within one year of the approval of the plan;"; and

(3) in paragraph (11), by inserting ", including controls and procedures to ensure that the limitations on the costs of administration are not exceeded".

(4) in paragraph (12)(A), by striking "sections 128(b)(3)(B) and 133(b)(3)(B)" and inserting "sections 128(b)(3) and 133(b)(3)";

(5) in paragraph (14), by striking "section 134(c)" and inserting "section 121(e)";

(6) in paragraph (17)(A)—

(A) in clause (iii) by striking "and";

(B) by amending clause (iv) to read as follows:

"(iv) how the State will serve the employment and training needs of dislocated workers (including displaced homemakers), low income individuals (including recipients of public assistance), individuals with limited English proficiency, homeless individuals, individuals training for nontraditional employment, and other individuals with multiple barriers to employment (including older individuals); and"; and

(C) by inserting after clause (iv) the following:

"(v) how the State will serve the employment and training needs of individuals with disabilities, consistent with section 188 and Executive Order 13217 (42 U.S.C. 12131 note; relating to community-based alternatives for individuals with disabilities) including the provision of outreach, intake, assessments, and service delivery, the development of performance measures established under section 136, the training of staff, and other aspects of accessibility to program services, consistent with sections 504 and 508 of the Rehabilitation Act of 1973; and";

(7) in paragraph (17)(B), by striking "to the extent practicable" and inserting "in accordance with the requirements of the Jobs for Veterans Act (PL 107–288)";

(8) in paragraph (18)(D), by striking "youth opportunity grants" and inserting "youth challenge grants"; and

(9) by adding at the end the following new paragraphs:

"(19) a description of the process and methodology for determining one-stop partner program contributions for the cost of the infrastructure of one-stop centers under section 121(h)(1) and of the formula for allocating such infrastructure funds to local areas under section 121(h)(3);

"(20) a description of the strategies and programs providing outreach to businesses, identifying workforce needs of businesses in the State, and ensuring that such needs will be met (including the needs of small businesses), which may include—

"(A) implementing innovative programs and strategies designed to meet the needs of all businesses in the State, including small businesses, which may include incumbent worker training programs, sectoral and industry cluster strategies, regional skills alliances, career ladder programs, utilization of effective business intermediaries, and other business services and strategies that better engage employers in workforce investment activities and make the statewide workforce investment system more relevant to the needs of State and local businesses, consistent with the objectives of this title; and

"(B) providing incentives and technical assistance to assist local areas in more fully engaging all employers, including small employers, in local workforce investment activities, to make the workforce investment system more relevant to the needs of area businesses, and to better coordinate workforce investment, economic development, and postsecondary education and training efforts to contribute to the economic well-being of the local area and region, as determined appropriate by the local board;

"(21) a description of how the State will utilize technology to facilitate access to services in remote areas which may be utilized throughout the State;

"(22) a description of the State strategy and assistance to be provided for encouraging regional cooperation within the State and across State borders as appropriate; and

"(23) a description of the actions that will be taken by the State to foster communication and partnerships with non-profit organizations (including community, faith-based, and philan-

thropic organizations) that provide employment-related, training, and complementary services, in order to enhance the quality and comprehensiveness of services available to participants under this title.".

(c) MODIFICATION TO PLAN.—Section 112(d) (29 U.S.C. 2822(d)) is amended by striking "5-year period" and inserting "2-year period".

SEC. 415. LOCAL WORKFORCE INVESTMENT AREAS.

(a) DESIGNATION OF AREAS.—

(1) CONSIDERATIONS.—Section 116(a)(1)(B) (29 U.S.C. 2831(a)(1)(B)) is amended by adding at the end the following clause:

"(vi) The extent to which such local areas will promote efficiency in the administration and provision of services.".

(2) AUTOMATIC DESIGNATION.—Section 116(a)(2) (29 U.S.C. 2831(a)(2)) is amended to read as follows:

"(2) AUTOMATIC DESIGNATION.—

"(A) IN GENERAL.—Except as provided in subparagraph (B) of this paragraph and subsection (b), the Governor shall approve a request for designation as a local area from—

"(i) any unit of general local government with a population of 500,000 or more; and

"(ii) an area served by a rural concentrated employment program grant recipient that served as a service delivery area or substate area under the Job Training Partnership Act (29 U.S.C. 1501 et seq.),

for the 2-year period covered by a State plan under section 112 if such request is made not later than the date of the submission of the State plan.

"(B) CONTINUED DESIGNATION BASED ON PERFORMANCE.—The Governor may deny a request for designation submitted pursuant to subparagraph (A) if such unit of government was designated as a local area for the preceding 2-year period covered by a State plan and the Governor determines that such local area did not perform successfully during such period.".

(b) SINGLE LOCAL AREA STATES.—Section 116(b) (29 U.S.C. 2831(b)) is amended to read as follows:

"(b) SINGLE LOCAL AREA STATES.—

"(1) CONTINUATION OF PREVIOUS DESIGNATION.—Notwithstanding subsection (a), the Governor of any State that was a single local area for purposes of this title as of July 1, 2007, may continue to designate the State as a single local area for purposes of this title if the Governor identifies the State as a local area in the State plan under section 112(b)(5).

"(2) NEW DESIGNATION.—The Governor of a State not described in paragraph (1) may designate the State as a single local area if, prior to the submission of the State plan or modification to such plan so designating the State, no local area meeting the requirements for automatic designation under subsection (a) requests such designation as a separate local area.

"(3) EFFECT ON LOCAL PLAN.—In any case in which the local area is the State pursuant to this subsection, the local plan

under section 118 shall be submitted to the Secretary for approval as part of the State plan under section 112.".

(c) REGIONAL PLANNING.—Section 116(c)(1) (29 U.S.C. 2831(c)(1)) is amended by adding at the end the following: "The State may require the local boards for the designated region to prepare a single regional plan that incorporates the elements of the local plan under section 118 and that is submitted and approved in lieu of separate local plans under such section.".

SEC. 416. LOCAL WORKFORCE INVESTMENT BOARDS.

(a) COMPOSITION.—Section 117(b)(2) (29 U.S.C. 2832(b)(2)) is amended—

(1) in subparagraph (A)—

(A) in clause (i)(II), by inserting ", businesses that are in the leading industries in the local area, and large and small businesses in the local area" after "local area";

(B) by amending clause (ii) to read as follows:

"(ii) a superintendent of the local secondary school system and the president or chief executive officer of a postsecondary educational institution serving the local area (including community colleges, where such entities exist);";

(C) in clause (iii)—

(i) by striking "representatives" and inserting "one or more representatives"; and

(ii) by inserting "or by labor organizations in the local area" after "federations";

(D) in clause (iv)—

(i) by striking "representatives" and inserting "one or more representatives"; and

(ii) by striking the semicolon and inserting "and faith-based organizations; and";

(E) in clause (v) by inserting "one or more" before "representatives"; and

(F) by striking clause (vi); and

(2) in subparagraph (B), by striking the period and inserting "; and"; and

(3) by adding at the end the following subparagraph:

"(C) except for the individuals described in subparagraph(A)(ii), shall not include any individual who is employed by an entity receiving funds for the provision of services under chapters 4 or 5.".

(b) AUTHORITY OF BOARD MEMBERS.—Section 117(b)(3) (29 U.S.C. 2832(b) is amended—

(1) in the heading, by inserting "**AND REPRESENTATION**" after "**MEMBERS**"; and

(2) by adding at the end the following: "The members of the board shall represent diverse geographic sections within the local area.".

(c) FUNCTIONS.—Section 117(d) (29 U.S.C. 2832(d)) is amended—

(1) in paragraph (2)(B), by striking "by awarding grants" and all that follows through "youth council";

(2) by striking paragraph (2)(D) and inserting the following:

"(D) IDENTIFICATION OF ELIGIBLE PROVIDERS OF WORK READY SERVICES.—If the one-stop operator does not provide the work ready services described in section 134(c)(3)(M)

through (U) in the local area, the local board shall identify eligible providers of such services in the local area by awarding contracts.";

(3) in paragraph (3)(B) by striking clause (ii) and inserting the following:

"(ii) STAFF.—The local board may employ staff to assist in carrying out the functions described in this subsection.";

(4) in paragraph (4) by inserting ", and ensure the appropriate use and management of the funds provided under this title for such programs, activities, and system" after "area";

(5) in paragraph (6)—

(A) by striking "EMPLOYMENT STATISTICS SYSTEM" and inserting "WORKFORCE AND LABOR MARKET INFORMATION SYSTEM"; and

(B) by striking "employment statistics system" and inserting "workforce and labor market information system";

(6) by amending paragraph (8) to read as follows:

"(8) CONVENING, BROKERING, AND LEVERAGING.—The local board shall support a comprehensive workforce investment system for the local area and promote the participation by private sector employers, service providers, and other stakeholders in such system. The Board shall ensure the effective provision, through the system, of convening, brokering, and leveraging activities, through intermediaries such as the one-stop operator in the local area or through other organizations, to assist such employers in meeting hiring needs. Such activities may include—

"(A) convening private sector employers, including small employers, labor, economic development, and education leaders in the area to align system missions and services, and to identify and meet the employment, education, and skills training needs of the local area in support of regional and local economic growth strategies;

"(B) providing leadership in the design and implementation of a comprehensive workforce development system that extends beyond those programs authorized under title I of this Act (including programs identified in section 121(b)) for the local area;

"(C) brokering relationships and service arrangements across system stakeholders and partners; and

"(D) leveraging resources other than those provided under title I of this Act, including public and private resources, to significantly expand resources available for employment and training activities identified as necessary in the local area.";

(7) by adding at the end the following:

"(9) TECHNOLOGY IMPROVEMENTS.—The local board shall develop strategies for technology improvements to facilitate access to services, in remote areas, for services authorized under this subtitle and carried out in the local area.".

(d) LIMITATIONS.—Section 117(f) (29 U.S.C. 2832(f)) is amended by striking paragraph (2) and inserting the following:

"(2) WORK READY SERVICES, DESIGNATION, OR CERTIFICATION AS ONE-STOP OPERATORS.—A local board may provide work

ready services described in section (c)(d)(2) through a one-stop delivery system described in section 121 or be designated or certified as a one-stop operator only with the agreement of the chief elected official and the Governor.".

(e) CONFLICT OF INTEREST.—Section 117(g)(1) (29 U.S.C. 2832(g)(1)) is amended by inserting "or participate in action taken" after "vote".

(f) AUTHORITY TO ESTABLISH COUNCILS AND ELIMINATION OF REQUIREMENT FOR YOUTH COUNCILS.—Section 117(h) (29 U.S.C. 2832(h)) is amended to read as follows:

"(h) ESTABLISHMENT OF COUNCILS.—The local board may establish councils to provide information and advice to assist the local board in carrying out activities under this title. Such councils may include a council composed of one-stop partners to advise the local board on the operation of the one-stop delivery system, a youth council composed of experts and stakeholders in youth programs to advise the local board on activities for youth, and such other councils as the local board determines are appropriate.".

(g) REPEAL OF ALTERNATIVE ENTITY PROVISION.—Section 117 (29 U.S.C. 2832) is further amended by striking subsection (i).

SEC. 417. LOCAL PLAN.

(a) PLANNING CYCLE.—Section 118(a) (29 U.S.C. 2833(a)) is amended by striking "5-year" and inserting "2-year".

(b) CONTENTS.—Section 118(b) (29 U.S.C. 2833(b)) is amended—

(1) by amending paragraph (2) to read as follows:

"(2) a description of the one-stop delivery system to be established or designated in the local area, including a description of how the local board will ensure the continuous improvement of eligible providers of services through the system and ensure that such providers meet the employment needs of local employers and participants;";

(2) in paragraph (4)—

(A) by striking "and dislocated worker"; and

(B) by inserting before the semicolon ", including a description of how the local area will implement the requirements of section 134(c)(4)(G) relating to ensuring that training services are linked to occupations that are in demand";

(3) in paragraph (5), by striking "statewide rapid response activities" and inserting "statewide activities";

(4) in paragraph (9), by striking "; and" and inserting a semicolon; and

(5) by redesignating paragraph (10) as paragraph (13) and inserting after paragraph (9) the following:

"(10) a description of the strategies and services that will be initiated in the local area to more fully engage all employers, including small employers, in workforce investment activities, to make the workforce investment system more relevant to the needs of area businesses, and to better coordinate workforce investment and economic development efforts, which may include the implementation of innovative initiatives such as incumbent worker training programs, sectoral and industry cluster strategies, regional skills alliance initiatives, career ladder programs, utilization of effective business intermediaries, and other business services and strategies designed to meet the needs of area

employers and contribute to the economic well-being of the local area, as determined appropriate by the local board, consistent with the objectives of this title;

"(11) a description of how the local board will facilitate access to services provided through the one-stop delivery system involved in remote areas, including facilitating access through the use of technology;

"(12) how the local area will serve the employment and training needs of individuals with disabilities, consistent with section 188 and Executive Order 13217 (42 U.S.C. 12131 *note*) including the provision of outreach, intake, assessments, and service delivery, the development of performance measures, the training of staff, and other aspects of accessibility to program services, consistent with sections 504 and 508 of the Rehabilitation Act of 1973; and".

SEC. 418. ESTABLISHMENT OF ONE-STOP DELIVERY SYSTEMS.

(a) ONE-STOP PARTNERS.—

(1) REQUIRED PARTNERS.—Section 121(b)(1) (29 U.S.C. 2841(b)(1)) is amended—

(A) by striking subparagraph (A) and inserting the following:

"(A) ROLES AND RESPONSIBILITIES OF ONE-STOP PARTNERS.—Each entity that carries out a program or activities described in subparagraph (B) shall—

"(i) provide access through the one-stop delivery system to the programs and activities carried out by the entity, including making the work ready services described in section 134(d)(2) that are applicable to the program of the entity available at the one-stop centers (in addition to any other appropriate locations);

"(ii) use a portion of the funds available to the program of the entity to maintain the one-stop delivery system, including payment of the infrastructure costs of one-stop centers in accordance with subsection (h);

"(iii) enter into a local memorandum of understanding with the local board relating to the operation of the one-stop system that meets the requirements of subsection (c);

"(iv) participate in the operation of the one-stop system consistent with the terms of the memorandum of understanding, the requirements of this title, and the requirements of the Federal laws authorizing the programs carried out by the entity; and

"(v) provide representation on the State board to the extent provided under section 111.";

(B) in subparagraph (B)—

(i) by striking clauses (ii) and (v);

(ii) by redesignating clauses (iii) and (iv) as clauses (ii) and (iii), respectively, and by redesignating clauses (vi) through (xii) as clauses (iv) through (x), respectively;

(iii) in clause (ix) (as so redesignated), by striking "and" at the end;

(iv) in clause (x) (as so redesignated), by striking the period and inserting "; and"; and

(v) by inserting after clause (x)(as so redesignated) the following:

"(xi) programs authorized under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), subject to subparagraph (C); and

"(xii) programs authorized under section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)), subject to subparagraph (C).''; and

(C) by adding after subparagraph (B) the following:

"(C) DETERMINATION BY THE GOVERNOR.—The program referred to in clauses (xi) and (xii) of subparagraph (B) shall be included as a required partner for purposes of this title in a State unless the Governor of the State notifies the Secretary and the Secretary of Health and Human Services (in the case of the program referred to in clause (xi) of subparagraph (B)), or the Secretary and the Secretary of Agriculture (in the case of the program referred to in clause (xii) of subparagraph (B)) in writing of a determination by the Governor not to include such programs as required partners for purposes of this title in the State.''.

(2) ADDITIONAL PARTNERS.—Section 121(b)(2)(B) (29 U.S.C. 2841(b)(2)(B)) is amended to read as follows:

"(B) PROGRAMS.—The programs referred to in subparagraph (A) may include—

"(i) employment and training programs administered by the Social Security Administration, including the Ticket to Work program (established by Public Law 106–170);

"(ii) employment and training programs carried out by the Small Business Administration;

"(iii) programs under part D of title IV of the Social Security Act (42 U.S.C. 451 et seq.) (relating to child support enforcement);

"(iv) employment, training, and literacy services carried out by public libraries;

"(v) programs carried out in the local area for individuals with disabilities, including programs carried out by State agencies relating to mental health, mental retardation, and developmental disabilities, State Medicaid agencies, State Independent Living Councils, and Independent Living Centers;

"(vi) programs authorized under the National and Community Service Act of 1990 (42 U.S.C. 1250 et seq.);

"(vii) cooperative extension programs carried out by the Department of Agriculture; and

"(viii) other appropriate Federal, State, or local programs, including programs in the private sector.''.

(b) LOCAL MEMORANDUM OF UNDERSTANDING.—Section 121(c)(2)(A) (29 U.S.C. 2841(c)(2)(A)) is amended to read as follows:

"(A) provisions describing—

"(i) the services to be provided through the one-stop delivery system consistent with the requirements of this section, including the manner in which the services will be coordinated through such system;

"(ii) how the costs of such services and the operating costs of such system will be funded, through cash and in-kind contributions, to provide a stable and equitable funding stream for ongoing one-stop system operations, including the funding of the infrastructure costs of one-stop centers in accordance with subsection (h);

"(iii) methods of referral of individuals between the one-stop operator and the one-stop partners for appropriate services and activities; and

"(iv) the duration of the memorandum of understanding and the procedures for amending the memorandum during the term of the memorandum, and assurances that such memorandum shall be reviewed not less than once every 2-year period to ensure appropriate funding and delivery of services; and".

(c) PROVISION OF SERVICES.—Subtitle B of title I is amended—

(1) in section 121(d)(2), by striking "section 134(c)" and inserting "subsection (e)";

(2) by striking subsection (e) of section 121;

(3) by moving subsection (c) of section 134 from section 134, redesignating such subsection as subsection (e), and inserting such subsection (as so redesignated) after subsection (d) of section 121; and

(4) by amending subsection (e) of section 121 (as moved and redesignated by paragraph (3))—

(A) in paragraph (1)(A), by striking "core services described in subsection (d)(2)" and inserting "work ready services described in section 134(c)(2)";

(B) in paragraph (1)(B)—

(i) by striking "intensive services";

(ii) by striking "paragraphs (3) and (4) of subsection (d)" and inserting "section 134(c)(4)";

(iii) by striking "individual training accounts" and inserting "career enhancement accounts"; and

(iv) by striking "subsection (d)(4)(G)" and inserting "section 134(c)(4)(G)";

(C) in paragraph (1)(C), by striking "subsection (e)" and inserting "section 134(d)";

(D) in paragraph (1)(D), by striking "section 121(b)" and inserting "subsection (b)";

(E) by amending paragraph (1)(E) to read as follows:

"(E) shall provide access to the information described in section 15(e) of the Wagner-Peyser Act (29 U.S.C. 49l–2(e)).''; and

(F) in paragraph (2)(B)(ii)(II), by striking "core services" and inserting "work ready services".

(d) CERTIFICATION AND FUNDING OF ONE-STOP CENTERS.—Section 121 (as amended by subsections (b) and (c)) is further amended by adding at the end the following new subsections:

"(g) CERTIFICATION OF ONE-STOP CENTERS.—

"(1) IN GENERAL.—

"(A) IN GENERAL.—The State board shall establish objective procedures and criteria for periodically certifying one-

stop centers for the purpose of awarding the one-stop infrastructure funding described in subsection (h).

"(B) CRITERIA.—The criteria for certification under this subsection shall include minimum standards relating to the scope and degree of service integration achieved by the centers involving the programs provided by the one-stop partners, and how the centers ensure that such providers meet the employment needs of local employers and participants.

"(C) EFFECT OF CERTIFICATION.—One-stop centers certified under this subsection shall be eligible to receive the infrastructure grants authorized under subsection (h).

"(2) LOCAL BOARDS.—Consistent with the criteria developed by the State, the local board may develop additional criteria of higher standards to respond to local labor market and demographic conditions and trends.

"(h) ONE-STOP INFRASTRUCTURE FUNDING.—

"(1) PARTNER CONTRIBUTIONS.—

"(A) PROVISION OF FUNDS.—Notwithstanding any other provision of law, as determined under subparagraph (B), a portion of the Federal funds provided to the State and areas within the State under the Federal laws authorizing the one-stop partner programs described in subsection (b)(1)(B) and participating additional partner programs described in (b)(2)(B) for a fiscal year shall be provided to the Governor by such programs to carry out this subsection.

"(B) DETERMINATION OF GOVERNOR.—

"(i) IN GENERAL.—Subject to subparagraph (C), the Governor, in consultation with the State board, shall determine the portion of funds to be provided under subparagraph (A) by each one-stop partner and in making such determination shall consider the proportionate use of the one-stop centers by each partner, the costs of administration for purposes not related to one-stop centers for each partner, and other relevant factors described in paragraph (3).

"(ii) SPECIAL RULE.—In those States where the State constitution places policy-making authority that is independent of the authority of the Governor in an entity or official with respect to the funds provided for adult education and literacy activities authorized under title II of this Act and for postsecondary career education activities authorized under the Carl D. Perkins Career and Technical Education Act, the determination described in clause (i) with respect to such programs shall be made by the Governor with the appropriate entity or official with such independent policy-making authority.

"(iii) APPEAL BY ONE-STOP PARTNERS.—The Governor shall establish a procedure for the one-stop partner administering a program described in subsection (b) to appeal a determination regarding the portion of funds to be contributed under this paragraph on the basis that such determination is inconsistent with the criteria described in the State plan or with the require-

ments of this paragraph. Such procedure shall ensure prompt resolution of the appeal.

"(C) LIMITATIONS.—

"(i) PROVISION FROM ADMINISTRATIVE FUNDS.—The funds provided under this paragraph by each one-stop partner shall be provided only from funds available for the costs of administration under the program administered by such partner, and shall be subject to the limitations with respect to the portion of funds under such programs that may be used for administration.

"(ii) FEDERAL DIRECT SPENDING PROGRAMS.—Programs that are Federal direct spending under section 250(c)(8) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 900(c)(8)) shall not, for purposes of this paragraph, be required to provide an amount in excess of the amount determined to be equivalent to the proportionate use of the one-stop centers by such programs in the State.

"(iii) NATIVE AMERICAN PROGRAMS.—Native American programs established under section 166 shall not be subject to the provisions of this subsection. The method for determining the appropriate portion of funds to be provided by such Native American programs to pay for the costs of infrastructure of a one-stop center certified under subsection (g) shall be determined as part of the development of the memorandum of understanding under subsection (c) for the one-stop center and shall be stated in the memorandum.

"(2) ALLOCATION BY GOVERNOR.—From the funds provided under paragraph (1), the Governor shall allocate funds to local areas in accordance with the formula established under paragraph (3) for the purposes of assisting in paying the costs of the infrastructure of One-Stop centers certified under subsection (g).

"(3) ALLOCATION FORMULA.—The State board shall develop a formula to be used by the Governor to allocate the funds described in paragraph (1). The formula shall include such factors as the State board determines are appropriate, which may include factors such as the number of centers in the local area that have been certified, the population served by such centers, and the performance of such centers.

"(4) COSTS OF INFRASTRUCTURE.—For purposes of this subsection, the term 'costs of infrastructure' means the nonpersonnel costs that are necessary for the general operation of a one-stop center, including the rental costs of the facilities, the costs of utilities and maintenance, and equipment (including adaptive technology for individuals with disabilities).

"(i) OTHER FUNDS.—

"(1) IN GENERAL.—In addition to the funds provided to carry out subsection (h), a portion of funds made available under Federal law authorizing the one-stop partner programs described in subsection (b)(1)(B) and participating partner programs described in subsection (b)(2)(B), or the noncash resources available under such programs shall be used to pay the

costs relating to the operation of the one-stop delivery system that are not paid for from the funds provided under subsection (h), to the extent not inconsistent with the Federal law involved including—

"(A) infrastructure costs that are in excess of the funds provided under subsection (h);

"(B) common costs that are in addition to the costs of infrastructure; and

"(C) the costs of the provision of work ready services applicable to each program.

"(2) DETERMINATION AND GUIDANCE.—The method for determining the appropriate portion of funds and noncash resources to be provided by each program under paragraph (1) shall be determined as part of the memorandum of understanding under subsection (c). The State board shall provide guidance to facilitate the determination of appropriate allocation of the funds and noncash resources in local areas.".

SEC. 419. ELIGIBLE PROVIDERS OF TRAINING SERVICES.

Section 122 (29 U.S.C. 2842) is amended to read as follows:

"SEC. 122. IDENTIFICATION OF ELIGIBLE PROVIDERS OF TRAINING SERVICES.

"(a) ELIGIBILITY.—

"(1) IN GENERAL.—The Governor, after consultation with the State board, shall establish criteria and procedures regarding the eligibility of providers of training services described in section 134(c)(4) to receive funds provided under section 133(b) for the provision of such training services.

"(2) PROVIDERS.—Subject to the provisions of this section, to be eligible to receive the funds provided under section 133(b) for the provision of training services, the provider shall be—

"(A) a postsecondary educational institution that—

"(i) is eligible to receive Federal funds under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.); and

"(ii) provides a program that leads to an associate degree, baccalaureate degree, or industry-recognized certification;

"(B) an entity that carries out programs under the Act of August 16, 1937 (commonly known as the 'National Apprenticeship Act'; 50 Stat. 664, chapter 663; 29 U.S.C. 50 et seq.); or

"(C) another public or private provider of a program of training services.

"(3) INCLUSION IN LIST OF ELIGIBLE PROVIDERS.—A provider described in subparagraph (A) or (C) of paragraph (2) shall comply with the criteria and procedures established under this section to be included on the list of eligible providers of training services described in subsection (d)(1). A provider described in paragraph (2)(B) shall be included on the list of eligible providers of training services described in subsection (d)(1) for so long as the provider remains certified by the Department of Labor to carry out the programs described in paragraph (2)(B).

"(b) CRITERIA.—

"(1) IN GENERAL.—The criteria established pursuant to subsection (a) shall take into account—

"(A) the performance of providers of training services with respect to the performance measures described in section 136 and other matters for which information is required under paragraph (2) and other appropriate measures of performance outcomes for those participants receiving training services under this subtitle (taking into consideration the characteristics of the population served and relevant economic conditions);

"(B) whether the training programs of such providers relate to occupations that are in demand,

"(C) the need to ensure access to training services throughout the State, including any rural areas;

"(D) the ability of providers to offer programs that lead to a degree or an industry-recognized certification, certificate, or mastery;

"(E) the information such providers are required to report to State agencies with respect to other Federal and State programs (other than the program carried out under this subtitle), including one-stop partner programs; and

"(F) such other factors as the Governor determines are appropriate to ensure the quality of services provided, the accountability of providers, that the one-stop centers will ensure that such providers meet the needs of local employers and participants, and the informed choice of participants under chapter 5.

"(2) INFORMATION.—The criteria established by the Governor shall require that a provider of training services submit appropriate, accurate, and timely information to the State for purposes of carrying out subsection (d), with respect to participants receiving training services under this subtitle in the applicable program, including—

"(A) information on degrees and industry-recognized certifications received by such participants;

"(B) information on costs of attendance for such participants;

"(C) information on the program completion rate for such participants; and

"(D) information on the performance of the provider with respect to the performance measures described in section 136 for such participants (taking into consideration the characteristics of the population served and relevant economic conditions), which may include information specifying the percentage of such participants who entered unsubsidized employment in an occupation related to the program.

"(3) RENEWAL.—The criteria established by the Governor shall also provide for biennial review and renewal of eligibility under this section for providers of training services.

"(4) LOCAL CRITERIA.—A local board in the State may establish criteria in addition to the criteria established by the Governor, or may require higher levels of performance than required under the criteria established by the Governor, for purposes of determining the eligibility of providers of training

services to receive funds described in subsection (a) to provide the services in the local area involved.

"(5) LIMITATION.—In carrying out the requirements of this subsection, no personally identifiable information regarding a student, including Social Security number, student identification number, or other identifier, may be disclosed without the prior written consent of the parent or eligible student in compliance with section 444 of the General Education Provisions Act (20 U.S.C. 1232g).

"(c) PROCEDURES.—The procedures established under subsection (a) shall identify the application process for a provider of training services to become eligible to receive funds under section 133(b) for the provision of training services, and identify the respective roles of the State and local areas in receiving and reviewing applications and in making determinations of eligibility based on the criteria established under this section. The procedures shall also establish a process for a provider of training services to appeal a denial or termination of eligibility under this section that includes an opportunity for a hearing and prescribes appropriate time limits to ensure prompt resolution of the appeal.

"(d) INFORMATION TO ASSIST PARTICIPANTS IN CHOOSING PROVIDERS.—In order to facilitate and assist participants under chapter 5 in choosing providers of training services, the Governor shall ensure that an appropriate list or lists of providers determined eligible under this section in the State, including information regarding the occupations in demand that relate to the training programs of such providers, is provided to the local boards in the State to be made available to such participants and to members of the public through the one-stop delivery system in the State. The accompanying information shall consist of information provided by providers described in subparagraphs (A) and (C) of subsection (a)(2) in accordance with subsection (b) (including information on receipt of degrees and industry-recognized certifications, and costs of attendance, for participants receiving training services under this subtitle in applicable programs) and such other information as the Secretary determines is appropriate. The list and the accompanying information shall be made available to such participants and to members of the public through the one-stop delivery system in the State.

"(e) ENFORCEMENT.—

"(1) IN GENERAL.—The criteria and procedures established under this section shall provide the following:

"(A) INTENTIONALLY SUPPLYING INACCURATE INFORMATION.—Upon a determination, by an individual or entity specified in the criteria or procedures, that a provider of training services, or individual providing information on behalf of the provider, intentionally supplied inaccurate information under this section, the eligibility of such provider to receive funds under chapter 5 shall be terminated for a period of time that is not less than 2 years.

"(B) SUBSTANTIAL VIOLATIONS.—Upon a determination, by an individual or entity specified in the criteria or procedures, that a provider of training services substantially violated any requirement under this title, the eligibility of such provider to receive funds under the program involved

may be terminated, or other appropriate action may be taken.

"(C) REPAYMENT.—A provider of training services whose eligibility is terminated under subparagraph (A) or (B) shall be liable for the repayment of funds received under chapter 5 during a period of noncompliance described in such subparagraph.

"(2) CONSTRUCTION.—Paragraph (1) shall be construed to provide remedies and penalties that supplement, but do not supplant, other civil and criminal remedies and penalties.

"(f) AGREEMENTS WITH OTHER STATES.—States may enter into agreements, on a reciprocal basis, to permit eligible providers of training services to accept career enhancement accounts provided in another State.

"(g) RECOMMENDATIONS.—In developing the criteria, procedures, and information required under this section, the Governor shall solicit and take into consideration the recommendations of local boards and providers of training services within the State.

"(h) OPPORTUNITY TO SUBMIT COMMENTS.—During the development of the criteria, procedures, requirements for information, and the list of eligible providers required under this section, the Governor shall provide an opportunity for interested members of the public, including representatives of business and labor organizations, to submit comments regarding such criteria, procedures, and information.

"(i) ON-THE-JOB TRAINING OR CUSTOMIZED TRAINING EXCEPTION.—

"(1) IN GENERAL.—Providers of on-the-job training or customized training shall not be subject to the requirements of subsections (a) through (g).

"(2) COLLECTION AND DISSEMINATION OF INFORMATION.—A one-stop operator in a local area shall collect such performance information from on-the-job training and customized training providers as the Governor may require, determine whether the providers meet such performance criteria as the Governor may require, and disseminate information identifying providers that meet the criteria as eligible providers, and the performance information, through the one-stop delivery system. Providers determined to meet the criteria shall be considered to be identified as eligible providers of training services.".

SEC. 420. ELIGIBLE PROVIDERS OF YOUTH ACTIVITIES.

(a) ELIGIBLE PROVIDERS OF YOUTH ACTIVITIES.—Section 123 (29 U.S.C. 2843) is amended to read as follows:

"SEC. 123. ELIGIBLE PROVIDERS OF YOUTH ACTIVITIES.

"(a) IN GENERAL.—From the funds allocated under section 128(b) to a local area, the local board for such area shall award grants or contracts on a competitive basis to providers of youth activities identified based on the criteria in the State plan and shall conduct oversight with respect to such providers.

"(b) EXCEPTIONS.—A local board may award grants or contracts on a sole-source basis if such board determines there are an insufficient number of eligible providers of training services in the local area involved (such as rural areas) for grants to be awarded on a competitive basis under subsection (a).".

(b) CLERICAL AMENDMENT.—The table of contents in section 1(b) is amended by amending the item related to section 123 to read as follows:

"Sec. 123. Eligible providers of youth activities.".

SEC. 421. YOUTH ACTIVITIES.

(a) STATE ALLOTMENTS.—Section 127 (29 U.S.C. 2852(a)) is amended—

(1) in subsection (a)(1), by striking "opportunity" and inserting "challenge"; and

(2) by striking subsection (b) and inserting the following:

"(b) ALLOTMENT AMONG STATES.—

"(1) YOUTH ACTIVITIES.—

"(A) YOUTH CHALLENGE GRANTS.—

"(i) RESERVATION OF FUNDS.—Of the amount appropriated under section 137(a) for each fiscal year, the Secretary shall reserve 25 percent to provide youth challenge grants under section 169.

"(ii) LIMITATION.—Notwithstanding clause (i), if the amount appropriated under section 137(a) for a fiscal year exceeds $1,000,000,000, the Secretary shall reserve $250,000,000 to provide youth challenge grants under section 169.

"(B) OUTLYING AREAS AND NATIVE AMERICANS.—

"(i) IN GENERAL.—After determining the amount to be reserved under subparagraph (A), of the remainder of the amount appropriated under section 137(a) for each fiscal year the Secretary shall—

"(I) reserve not more than ¼ of one percent of such amount to provide assistance to the outlying areas to carry out youth activities and statewide workforce investment activities; and

"(II) reserve not more than 1 and ½ percent of such amount to provide youth activities under section 166 (relating to Native Americans).

"(ii) RESTRICTION.—The Republic of Palau shall cease to be eligible to receive funding under this subparagraph upon entering into an agreement for extension of United States educational assistance under the Compact of Free Association (approved by the Compact of Free Association Amendments Act of 2003 (Public Law 108–188)) after the date of enactment of the Workforce Investment Improvement Act of 2007.

"(C) STATES.—

"(i) IN GENERAL.—Of the remainder of the amount appropriated under section 137(a) for a fiscal year that is available after determining the amounts to be reserved under subparagraphs (A) and (B), the Secretary shall allot—

"(I) the amount of the remainder that is less than or equal to the total amount that was allotted to States for fiscal year 2007 under section 127(b)(1)(C) of this Act (as in effect on the day before the date of enactment of the Workforce Investment Improvement Act of 2007) in accordance

with the requirements of such section 127(b)(1)(C); and

"(II) the amount of the remainder, if any, in excess of the amount referred to in subclause (I) in accordance with clause (ii).

"(ii) FORMULAS FOR EXCESS FUNDS.—Subject to clauses (iii) and (iv), of the amounts described in clause (i)(II)—

"(I) 33⅓ percent shall be allotted on the basis of the relative number of individuals in the civilian labor force who are ages 16 through 19 in each State, compared to the total number of individuals in the civilian labor force who are ages 16 through 19 in all States;

"(II) 33⅓ percent shall be allotted on the basis of the relative number of unemployed individuals in each State, compared to the total number of unemployed individuals in all States; and

"(III) 33⅓ percent shall be allotted on the basis of the relative number of disadvantaged youth who are ages 16 through 21 in each State, compared to the total number of disadvantaged youth who are ages 16 through 21 in all States.

"(iii) MINIMUM AND MAXIMUM PERCENTAGES.—The Secretary shall ensure that no State shall receive an allotment for a fiscal year that is less than 90 percent or greater than 130 percent of the allotment percentage of that State for the preceding fiscal year.

"(iv) SMALL STATE MINIMUM ALLOTMENT.—Subject to clause (iii), the Secretary shall ensure that no State shall receive an allotment under this paragraph that is less than 3/10 of 1 percent of the amount available under subparagraph (A).

"(2) DEFINITIONS.—For the purposes of paragraph (1), the following definitions apply:

"(A) ALLOTMENT PERCENTAGE.—The term 'allotment percentage', used with respect to fiscal year 2008 or a subsequent fiscal year, means a percentage of the remainder described in paragraph (1)(C)(i) that is received through an allotment made under this subsection for the fiscal year. The term, with respect to fiscal year 2007, means the percentage of the amounts allotted to States under this chapter (as in effect on the day before the date of enactment of the Workforce Investment Improvement Act of 2007) that is received by the State involved for fiscal year 2007.

"(B) DISADVANTAGED YOUTH.—The term 'disadvantaged youth' means an individual who is age 16 through 21 who received an income, or is a member of a family that received a total family income, that, in relation to family size, does not exceed the poverty line.

"(3) SPECIAL RULE.—For purposes of the formulas specified in paragraph (1)(C), the Secretary shall, as appropriate and to the extent practicable, exclude college students and members of the Armed Forces from the determination of the number of disadvantaged youth.";

(3) in subsection (c)—

(A) by amending paragraph (2) to read as follows:

"(2) AMOUNT.—The amount available for reallotment for a program year is equal to the amount by which the unexpended balance at the end of the program year prior to the program year for which the determination is made exceeds 30 percent of the total amount of funds available to the State under this section during such prior program year (including amounts allotted to the State in all prior program years that remained available). For purposes of this paragraph, the expended balance is the amount that is the difference between—

"(A) the total amount of funds available to the State under this section during the program year prior to the program year for which the determination is made (including amounts allotted to the State in all prior program years that remained available); and

"(B) the accrued expenditures during such prior program year.";

(B) in paragraph (3)—

(i) by striking "for the prior program year" and inserting "for the program year in which the determination is made"; and

(ii) by striking "such prior program year" and inserting "such program year";

(C) by amending paragraph (4) to read as follows:

"(4) ELIGIBILITY.—For purposes of this subsection, an eligible State means a State which does not have an amount available for reallotment under paragraph (2) for the program year for which the determination under paragraph (2) is made."; and

(D) in paragraph (5), by striking "obligation" and inserting "accrued expenditure".

(b) WITHIN STATE ALLOCATIONS.—

(1) RESERVATION FOR STATEWIDE ACTIVITIES.—Section 128(a) is amended to read as follows:

"(a) RESERVATION FOR STATEWIDE ACTIVITIES.—

"(1) IN GENERAL.—The Governor of a State shall reserve not more than 10 percent of the amount allotted to the State under section 127(a)(1)(C) for a fiscal year for statewide activities.

"(2) USE OF FUNDS.—Regardless of whether the amounts are allotted under section 127(a)(1)(C) and reserved under paragraph (1) or allotted under section 132 and reserved under section 133(a), the Governor may use the reserved amounts to carry out statewide youth activities under section 129(b) or statewide employment and training activities under section 133.".

(2) WITHIN STATE ALLOCATIONS.—Section 128(b) is amended to read as follows:

"(b) WITHIN STATE ALLOCATION.—

"(1) IN GENERAL.—Of the amounts allotted to the State under section 127(a)(1)(C) and not reserved under subsection (a)(1)—

"(A) not less than 80 percent of such amounts shall be allocated by the Governor to local areas in accordance with paragraph (2); and

"(B) not more than 20 percent of such amounts shall be allocated by the Governor to local areas in accordance with paragraph (3).

"(2) ESTABLISHED FORMULA.—

"(A) IN GENERAL.—Of the amounts described in paragraph (1)(A), the Governor shall allocate—

"(i) 33⅓ percent shall be allotted on the basis of the relative number of individuals in the civilian labor force who are ages 16 through 19 in each local area, compared to the total number of individuals in the civilian labor force who are ages 16 through 19 in all local areas in the State;

"(ii) 33⅓ percent shall be allotted on the basis of the relative number of unemployed individuals in each local area, compared to the total number of unemployed individuals in all local areas in the State; and

"(iii) 33⅓ percent on the basis of the relative number of disadvantaged youth who are ages 16 through 21 in each local area, compared to the total number of disadvantaged youth who are ages 16 through 21 in all local areas in the State.

"(B) MINIMUM AND MAXIMUM PERCENTAGES.—The Governor shall ensure that no local area shall receive an allocation for a fiscal year under this paragraph that is less than 90 percent or greater than 130 percent of the allocation percentage of the local area for the preceding fiscal year.

"(C) DEFINITIONS.—

"(i) ALLOCATION PERCENTAGE.—For purposes of this paragraph, the term 'allocation percentage', used with respect to fiscal year 2008 or a subsequent fiscal year, means a percentage of the amount described in paragraph(1)(A) that is received through an allocation made under this paragraph for the fiscal year. The term, with respect to fiscal year 2007, means the percentage of the amounts allocated to local areas under this chapter (as in effect on the day before the date of enactment of the Workforce Investment Improvement Act of 2007) that is received by the local area involved for fiscal year 2007.

"(ii) DISADVANTAGED YOUTH.—The term 'disadvantaged youth' means an individual who is age 16 through 21 who received an income, or is a member of a family that received a total family income, that, in relation to family size, does not exceed the poverty line.

"(3) YOUTH DISCRETIONARY ALLOCATION.—The Governor shall allocate to local areas the amounts described in paragraph (1)(B) in accordance with such demographic and economic factors as the Governor, after consultation with the State board and local boards, determines are appropriate.

"(4) LOCAL ADMINISTRATIVE COST LIMIT.—

"(A) IN GENERAL.—Of the amounts allocated to a local area under this subsection for a fiscal year, not more than 10 percent of the amount may be used by the local boards

for the administrative costs of carrying out local workforce investment activities under this chapter or chapter 5.

"(B) USE OF FUNDS.—Funds made available for administrative costs under subparagraph (A) may be used for the administrative costs of any of the local workforce investment activities described in this chapter or chapter 5, regardless of whether the funds were allocated under this subsection or section 133(b).".

(3) REALLOCATION.—Section 128(c) (29 U.S.C. 2853(c)) is amended—

(A) in paragraph (1), by striking "paragraph (2)(A) or (3) of";

(B) by amending paragraph (2) to read as follows:

"(2) AMOUNT.—The amount available for reallocation for a program year is equal to the amount by which the unexpended balance at the end of the program year prior to the program year for which the determination is made exceeds 30 percent of the total amount of funds available to the local area under this section during such prior program year, (including amounts allotted to the local area in prior program years that remain available). For purposes of this paragraph, the unexpended balance is the amount that is the difference between—

"(A) the total amount of funds available to the local area under this section during the program year prior to the program year for which the determination is made (including amounts allocated to the local area in all prior program years that remained available); and

"(B) the accrued expenditures during such prior program year.";

(C) in paragraph (3)—

(i) by striking "subsection (b)(3)" the first two places it appears and inserting "subsection (b)";

(ii) by striking "the prior program year" and inserting "the program year in which the determination is made";

(iii) by striking "such prior program year" and inserting "such program year"; and

(iv) by striking the last sentence; and

(D) by amending paragraph (4) to read as follows:

"(4) ELIGIBILITY.—For purposes of this subsection, an eligible local area means a local area which does not have an amount available for reallocation under paragraph (2) for the program year for which the determination under paragraph (2) is made.".

(c) YOUTH PARTICIPANT ELIGIBILITY.—Section 129(a) (29 U.S.C. 2854(a)) is amended to read as follows:

"(a) YOUTH PARTICIPANT ELIGIBILITY.—

"(1) IN GENERAL.—The individuals participating in activities carried out under this chapter by a local area during any program year shall be individuals who, at the time the eligibility determination is made, are—

"(A) not younger than age 16 or older than age 24; and

"(B) one or more of the following:

"(i) school dropouts;

"(ii) recipients of a secondary school diploma, General Educational Development credential (GED), or other State-recognized equivalent (including recognized alternative standards for individuals with disabilities) who are deficient in basic skills and not attending any school;

"(iii) court-involved youth attending an alternative school;

"(iv) youth in foster care or who have been in foster care; or

"(v) in school youth who are low-income individuals and one or more of the following:

"(I) Deficient in literacy skills.

"(II) Homeless, runaway, or foster children.

"(III) Pregnant or parents.

"(IV) Offenders.

"(V) Individuals who require additional assistance to complete an educational program, or to secure and hold employment.

"(2) PRIORITY FOR SCHOOL DROPOUTS.—A priority in the provision of services under this chapter shall be given to individuals who are school dropouts.

"(3) LIMITATIONS ON ACTIVITIES FOR IN-SCHOOL YOUTH.—

"(A) PERCENTAGE OF FUNDS.—For any program year, not more than 50 percent of the funds available for statewide activities under subsection (b), and not more than 50 percent of funds available to local areas under subsection (c), may be used to provide activities for in-school youth meeting the requirements of paragraph (1)(B)(v).

"(B) EXCEPTION.—A State that receives a minimum allotment under section 127(b)(1) in accordance with section 127(b)(1)(C)(iv) or under section 132(b)(1) in accordance with section 132(b)(1)(B)(iv)(II) may increase the percentage described in subparagraph (A) for a local area in the State, if—

"(i) after an analysis of the eligible youth population in the local area, the State determines that the local area will be unable to use at least 50 percent of the funds available for activities under subsection (b) or (c) to serve out-of-school youth due to a low number of out-of-school youth; and

"(ii)(I) the State submits to the Secretary, for the local area, a request including a proposed increased percentage for purposes of subparagraph (A), and the summary of the eligible youth population analysis; and

"(II) the request is approved by the Secretary.

"(C) NON-SCHOOL HOURS REQUIRED.—

"(i) IN GENERAL.—Except as provided in clause (ii), activities carried out under this chapter for in-school youth meeting the requirements of paragraph (1)(B)(v) shall only be carried out in non-school hours or periods when school is not in session (such as before and after school or during recess).

"(ii) EXCEPTION.—The requirements of clause (i) shall not apply to activities carried out for in-school youth meeting the requirements of paragraph (1)(B)(v) during school hours that are part of a program that has demonstrated effectiveness in high school youth attaining diplomas.

"(4) CONSISTENCY WITH COMPULSORY SCHOOL ATTENDANCE LAWS.—In providing assistance under this section to an individual who is required to attend school under applicable State compulsory school attendance laws, the priority in providing such assistance shall be for the individual to attend school regularly.".

(d) STATEWIDE YOUTH ACTIVITIES.—Section 129(b) (29 U.S.C. 2854(b)) is amended to read as follows:

"(b) STATEWIDE ACTIVITIES.—

"(1) IN GENERAL.—Funds reserved by a Governor for a State as described in sections 128(a) and 133(a)(1) may be used for statewide activities including—

"(A) additional assistance to local areas that have high concentrations of eligible youth;

"(B) supporting the provision of work ready services described in section 134(c)(2) in the one-stop delivery system;

"(C) conducting evaluations under section 136(e) of activities authorized under this chapter and chapter 5 in coordination with evaluations carried out by the Secretary under section 172, research, and demonstration projects;

"(D) providing incentive grants to local areas for regional cooperation among local boards (including local boards in a designated region as described in section 116(c)), for local coordination of activities carried out under this Act, and for exemplary performance by local areas on the local performance measures;

"(E) providing technical assistance and capacity building to local areas, one-stop operators, one-stop partners, and eligible providers, including the development and training of staff, the development of exemplary program activities, and the provision of technical assistance to local areas that fail to meet local performance measures;

"(F) operating a fiscal and management accountability system under section 136(f); and

"(G) carrying out monitoring and oversight of activities under this chapter and chapter 5.

"(2) LIMITATION.—Not more than 5 percent of the funds allotted under section 127(b) shall be used by the State for administrative activities carried out under this subsection and section 133(a).

"(3) PROHIBITION.—No funds described in this subsection or in section 134(a) may be used to develop or implement education curricula for school systems in the State.".

(e) LOCAL ELEMENTS AND REQUIREMENTS.—

(1) PROGRAM DESIGN.—Section 129(c)(1) (29 U.S.C. 2854(c)(1)) is amended—

(A) in the matter preceding subparagraph (A), by striking "paragraph (2)(A) or (3), as appropriate, of";

(B) in subparagraph (B), by inserting "are directly linked to one or more of the performance measures relating to this chapter under section 136, and that" after "for each participant that"; and

(C) in subparagraph (C)—

(i) by redesignating clauses (i) through (iv) as clauses (ii) through (v), respectively;

(ii) by inserting before clause (ii) (as so redesignated) the following:

"(i) activities leading to the attainment of a secondary school diploma, General Educational Development credential (GED), or other State-recognized equivalent (including recognized alternative standards for individuals with disabilities);";

(iii) in clause (ii) (as so redesignated), by inserting "and advanced training" after "opportunities";

(iv) in clause (iii) (as so redesignated), by inserting "that lead to the attainment of recognized credentials" after "learning"; and

(v) by amending clause (v) (as so redesignated) to read as follows:

"(v) effective connections to employers, including small employers, in sectors of the local and regional labor markets experiencing high growth in employment opportunities.".

(2) PROGRAM ELEMENTS.—Section 129(c)(2) (29 U.S.C. 2854(c)(2)) is amended—

(A) in subparagraph (A), by striking "secondary school, including dropout prevention strategies" and inserting "secondary school diploma, General Educational Development credential (GED), or other State-recognized equivalent (including recognized alternative standards for individuals with disabilities), including dropout prevention strategies";

(B) in subparagraph (I), by striking "and" at the end;

(C) in subparagraph (J), by striking the period at the end and inserting a semicolon; and

(D) by adding at the end the following:

"(K) on-the-job training opportunities; and

"(L) financial literacy skills.".

(3) ADDITIONAL REQUIREMENTS.—Section 129(c)(3)(A) (29 U.S.C. 2854(c)(3)(A)) is amended in the matter preceding clause (i) by striking "or applicant who meets the minimum income criteria to be considered an eligible youth".

(4) PRIORITY AND EXCEPTIONS.—Section 129(c) (29 U.S.C. 2854(c)) is further amended—

(A) by striking paragraphs (4) and (5) and redesignating paragraphs (6) through (8) as paragraphs (4) through (6), respectively; and

(B) in paragraph (5) (as so redesignated), by striking "youth councils" and inserting "local boards".

SEC. 422. COMPREHENSIVE PROGRAMS FOR ADULTS.

(a) TITLE AMENDMENT.—

(1) The title heading of chapter 5 is amended to read as follows:

"CHAPTER 5—COMPREHENSIVE EMPLOYMENT AND TRAINING ACTIVITIES FOR ADULTS".

(2) CLERICAL AMENDMENT.—The table of contents in section 1(b) is amended by amending the item related to the heading for chapter 5 to read as follows:

"CHAPTER 5—COMPREHENSIVE EMPLOYMENT AND TRAINING ACTIVITIES FOR ADULTS".

(b) GENERAL AUTHORIZATION.—Section 131 (29 U.S.C. 2861) is amended—

(1) by striking "paragraphs (1)(B) and (2)(B) of"; and

(2) by striking ", and dislocated workers,".

(c) STATE ALLOTMENTS.—Section 132 (29 U.S.C. 2862) is amended—

(1) by amending subsection (a) to read as follows:

"(a) IN GENERAL.—The Secretary shall—

"(1) reserve 7.5 percent of the amount appropriated under section 137 for a fiscal year, of which—

"(A) not less than 85 percent shall be used for national dislocated worker grants under section 173;

"(B) not more than 10 percent may be used for demonstration projects under section 171; and

"(C) not more than 5 percent may be used to provide technical assistance under section 170; and

"(2) make allotments from 92.5 percent of the amount appropriated under section 137 for a fiscal year in accordance with subsection (b).";

(2) by amending subsection (b) to read as follows:

"(b) ALLOTMENT AMONG STATES FOR ADULT EMPLOYMENT AND TRAINING ACTIVITIES.—

"(1) RESERVATION FOR OUTLYING AREAS.—

"(A) IN GENERAL.—From the amount made available under subsection (a)(2) for a fiscal year, the Secretary shall reserve not more than ¼ of 1 percent to provide assistance to outlying areas to carry out employment and training activities for adults and statewide workforce investment activities.

"(B) RESTRICTION.—The Republic of Palau shall cease to be eligible to receive funding under this paragraph upon entering into an agreement for extension of United States educational assistance under the Compact of Free Association (approved by the Compact of Free Association Amendments Act of 2003 (Public Law 108–188)) after the date of enactment of the Workforce Investment Improvement Act of 2007.

"(2) STATES.—Subject to paragraph (5), of the remainder of the amount referred to under subsection (a)(2) for a fiscal year that is available after determining the amount to be reserved under paragraph (1), the Secretary shall allot to the States for employment and training activities for adults and for statewide workforce investment activities—

"(A) 26 percent in accordance with paragraph (3); and

"(B) 74 percent in accordance with paragraph (4).

"(3) BASE FORMULA.—

"(A) FISCAL YEAR 2008.—

"(i) IN GENERAL.—Subject to clause (ii), the amount referred to in paragraph (2)(A) shall be allotted for fiscal year 2008 on the basis of allotment percentage of each State under section 6 of the Wagner-Peyser Act for fiscal year 2007.

"(ii) EXCESS AMOUNTS.—If the amount referred to in paragraph (2)(A) for fiscal year 2008 exceeds the amount that was available for allotment to the States under the Wagner-Peyser Act for fiscal year 2007, such excess amount shall be allotted on the basis of the relative number of individuals in the civilian labor force in each State, compared to the total number of individuals in the civilian labor force in all States, adjusted to ensure that no State receives less than 3/10 of one percent of such excess amount.

"(iii) DEFINITION.—For purposes of this subparagraph, the term 'allotment percentage' means the percentage of the amounts allotted to States under section 6 of the Wagner-Peyser Act that is received by the State involved for fiscal year 2007.

"(B) FISCAL YEARS 2009 AND THEREAFTER.—

"(i) IN GENERAL.—Subject to clause (ii), the amount referred to in paragraph(2)(A) shall be allotted for fiscal year 2009 and each fiscal year thereafter on the basis of the allotment percentage of each State under this paragraph for the preceding fiscal year.

"(ii) EXCESS AMOUNTS.—If the amount referred to in paragraph (2)(A) for fiscal year 2009 or any fiscal year thereafter exceeds the amount that was available for allotment under this paragraph for the prior fiscal year, such excess amount shall be allotted on the basis of the relative number of individuals in the civilian labor force in each State, compared to the total number of individuals in the civilian labor force in all States, adjusted to ensure that no State receives less than 3/10 of one percent of such excess amount.

"(iii) DEFINITION.—For purposes of this subparagraph, the term 'allotment percentage' means the percentage of the amounts allotted to States under this paragraph in a fiscal year that is received by the State involved for such fiscal year.

"(4) CONSOLIDATED FORMULA.—

"(A) IN GENERAL.—Subject to subparagraphs (B) and (C), of the amount referred to in paragraph (2)(B)—

"(i) 60 percent shall be allotted on the basis of the relative number of unemployed individuals in each State, compared to the total number of unemployed individuals in all States;

"(ii) 25 percent shall be allotted on the basis of the relative excess number of unemployed individuals in each State, compared to the total excess number of unemployed individuals in all States; and

"(iii) 15 percent shall be allotted on the basis of the relative number of disadvantaged adults in each State,

compared to the total number of disadvantaged adults in all States.

"(B) MINIMUM AND MAXIMUM PERCENTAGES.—

"(i) MINIMUM PERCENTAGE.—The Secretary shall ensure that no State shall receive an allotment under this paragraph for a fiscal year that is less than 90 percent of the allotment percentage of the State under this paragraph for the preceding fiscal year.

"(ii) MAXIMUM PERCENTAGE.—Subject to clause (i), the Secretary shall ensure that no State shall receive an allotment for a fiscal year under this paragraph that is more than 130 percent of the allotment of the State under this paragraph for the preceding fiscal year.

"(C) SMALL STATE MINIMUM ALLOTMENT.—Subject to subparagraph (B), the Secretary shall ensure that no State shall receive an allotment under this paragraph that is less than 2/10 of 1 percent of the amount available under subparagraph (A).

"(D) DEFINITIONS.—For the purposes of this paragraph:

"(i) ALLOTMENT PERCENTAGE.—The term 'allotment percentage', used with respect to fiscal year 2008 or a subsequent fiscal year, means a percentage of the amounts described in paragraph (2)(B) that is received through an allotment made under this paragraph for the fiscal year. The term, with respect to fiscal year 2007, means the percentage of the amounts allotted to States under this chapter (as in effect on the day before the date of enactment of the Workforce Investment Improvement Act of 2007) and under reemployment service grants received by the State involved for fiscal year 2007.

"(ii) DISADVANTAGED ADULT.—The term 'disadvantaged adult' means an individual who is age 22 through 72 who received an income, or is a member of a family that received a total family income, that, in relation to family size, does not exceed the poverty line.

"(iii) EXCESS NUMBER.—The term 'excess number' means, used with respect to the excess number of unemployed individuals within a State, the number that represents the number of unemployed individuals in excess of 4½ percent of the civilian labor force in the State.

"(5) ADJUSTMENTS IN ALLOTMENTS BASED ON DIFFERENCES WITH UNCONSOLIDATED FORMULAS.—

"(A) IN GENERAL.—The Secretary shall ensure that for any fiscal year no State has an allotment difference, as defined in subparagraph (C), that is less than zero. The Secretary shall adjust the amounts allotted to the States under this subsection in accordance with subparagraph (B) if necessary to carry out this subparagraph.

"(B) ADJUSTMENTS IN ALLOTMENTS.—

"(i) REDISTRIBUTION OF EXCESS AMOUNTS.—

"(I) IN GENERAL.—If necessary to carry out subparagraph (A), the Secretary shall reduce the amounts that would be allotted under paragraphs (3) and (4) to States that have an excess allotment difference, as defined in subclause (II), by the amount of such excess, and use such amounts to increase the allotments to States that have an allotment difference less than zero.

"(II) EXCESS AMOUNTS.—For purposes of subclause (I), the term 'excess' allotment difference means an allotment difference for a State that is—

"(aa) in excess of 3 percent of the amount described in subparagraph (C)(i)(II); or

"(bb) in excess of a percentage established by the Secretary that is greater than 3 percent of the amount described in subparagraph (C)(i)(II) if the Secretary determines that such greater percentage is sufficient to carry out subparagraph (A).

"(ii) USE OF AMOUNTS AVAILABLE UNDER NATIONAL RESERVE ACCOUNT.—If the funds available under clause (i) are insufficient to carry out subparagraph (A), the Secretary shall use funds reserved under section 132(a) in such amounts as are necessary to increase the allotments to States to meet the requirements of subparagraph (A). Such funds shall be used in the same manner as the States use the other funds allotted under this subsection.

"(C) DEFINITION OF ALLOTMENT DIFFERENCE.—

"(i) IN GENERAL.—For purposes of this paragraph, the term 'allotment difference' means the difference between—

"(I) the total amount a State would receive of the amounts available for allotment under subsection (b)(2) for a fiscal year pursuant to paragraphs (3) and (4); and

"(II) the total amount the State would receive of the amounts available for allotment under subsection (b)(2) for the fiscal year if such amounts were allotted pursuant to the unconsolidated formulas (applied as described in clause (iii)) that were used in allotting funds for fiscal year 2007.

"(ii) UNCONSOLIDATED FORMULAS.—For purposes of clause (i), the unconsolidated formulas are:

"(I) The requirements for the allotment of funds to the States contained in section 132(b)(1)(B) of this Act (as in effect on the day before the date of enactment of the Workforce Investment Improvement Act of 2007) that were applicable to the allotment of funds under such section for fiscal year 2007.

"(II) The requirements for the allotment of funds to the States contained in section 132(b)(2)(B) of this Act (as in effect on the day be-

fore the date of enactment of the Workforce Investment Improvement Act of 2007) that were applicable to the allotment of funds under such section for fiscal year 2007.

"(III) The requirements for the allotment of funds to the States that were contained in section 6 of the Wagner-Peyser Act (as in effect on the day before the date of enactment of the Workforce Investment Improvement Act of 2007) that were applicable to the allotment of funds under such Act for fiscal year 2007.

"(IV) The requirements for the allotment of funds to the States that were established by the Secretary for Reemployment Services Grants that were applicable to the allotment of funds for such grants for fiscal year 2007.

"(iii) PROPORTIONATE APPLICATION OF UNCONSOLIDATED FORMULAS BASED ON FISCAL YEAR 2007.—In calculating the amount under clause (i)(II), each of the unconsolidated formulas identified in clause (ii) shall be applied, respectively, only to the proportionate share of the total amount of funds available for allotment under subsection (b)(2) for a fiscal year that is equal to the proportionate share to which each of the unconsolidated formulas applied with respect to the total amount of funds allotted to the States under all of the unconsolidated formulas in fiscal year 2007.

"(iv) RULE OF CONSTRUCTION.—The amounts used to adjust the allotments to a State under subparagraph (B) for a fiscal year shall not be included in the calculation of the amounts under clause (i) for a subsequent fiscal year, including the calculation of allocation percentages for a preceding fiscal year applicable to paragraphs (3) and (4) and to the unconsolidated formulas described in clause (ii).''; and

(3) in subsection (c)—

(A) by amending paragraph (2) to read as follows:

"(2) AMOUNT.—The amount available for reallotment for a program year is equal to the amount by which the unexpended balance at the end of the program year prior to the program year for which the determination is made exceeds 30 percent of the total amount of funds available to the State under this section during such prior program year (including amounts allotted to the State in all prior program years that remained available). For purposes of this paragraph, the expended balance is the amount that is the difference between—

"(A) the total amount of funds available to the State under this section during the program year prior to the program year for which the determination is made (including amounts allotted to the State in all prior program years that remained available); and

"(B) the accrued expenditures during such prior program year.'';

(B) in paragraph (3)—

(i) by striking "for the prior program year" and inserting "for the program year in which the determination is made"; and

(ii) by striking "such prior program year" and inserting "such program year";

(C) by amending paragraph (4) to read as follows:

"(4) ELIGIBILITY.—For purposes of this subsection, an eligible State means a State that does not have an amount available for reallotment under paragraph (2) for the program year for which the determination under paragraph (2) is made."; and

(D) in paragraph (5), by striking "obligation" and inserting "accrued expenditure".

(d) WITHIN STATE ALLOCATIONS.—Section 133 (29 U.S.C. 2863) is amended—

(1) by amending subsection (a) to read as follows:

"(a) RESERVATION FOR STATEWIDE ACTIVITIES.—The Governor of a State may reserve up to 40 percent of the total amount allotted to the State under section 132 for a fiscal year to carry out the statewide activities described in section 134(a).";

(2) by amending subsection (b) to read as follows:

"(b) ALLOCATIONS TO LOCAL AREAS.—

"(1) IN GENERAL.—Of the amounts allotted to the State under section 132(b)(2) and not reserved under subsection (a)—

"(A) 85 percent of such amounts shall be allocated by the Governor to local areas in accordance with paragraph (2); and

"(B) 15 percent of such amounts shall be allocated by the Governor to local areas in accordance with paragraph (3).

"(2) ESTABLISHED FORMULA.—

"(A) IN GENERAL.—Of the amounts described in paragraph (1)(A), the Governor shall allocate—

"(i) 60 percent on the basis of the relative number of unemployed individuals in each local area, compared to the total number of unemployed individuals in all local areas in the State;

"(ii) 25 percent on the basis of the relative excess number of unemployed individuals in each local area, compared to the total excess number of unemployed individuals in all local areas in the State; and

"(iii) 15 percent shall be allotted on the basis of the relative number of disadvantaged adults in each local area, compared to the total number of disadvantaged adults in all local areas in the State.

"(B) MINIMUM AND MAXIMUM PERCENTAGES.—The Governor shall ensure that no local area shall receive an allocation for a fiscal year under this paragraph that is less than 90 percent or greater than 130 percent of the allocation percentage of the local area for the preceding fiscal year.

"(C) DEFINITIONS.—

"(i) ALLOCATION PERCENTAGE.—The term 'allocation percentage', used with respect to fiscal year 2008 or a subsequent fiscal year, means a percentage of the amount described in paragraph (1)(A) that is received through an allocation made under this paragraph for

the fiscal year. The term, with respect to fiscal year 2007, means the percentage of the amounts allocated to local areas under this chapter (as in effect on the day before the date of enactment of the Workforce Investment Improvement Act of 2007) that is received by the local area involved for fiscal year 2007.

"(ii) DISADVANTAGED ADULT.—The term 'disadvantaged adult' means an individual who is age 22 through 72 who received an income, or is a member of a family that received a total family income, that, in relation to family size, does not exceed the poverty line.

"(iii) EXCESS NUMBER.—The term 'excess number' means, used with respect to the excess number of unemployed individuals within a local area, the number that represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in the local area.

"(3) DISCRETIONARY ALLOCATION.—The Governor shall allocate to local areas the amounts described in paragraph (1)(B) based on a formula developed in consultation with the State board and local boards. Such formula shall be objective and geographically equitable and may include such demographic and economic factors as the Governor, after consultation with the State board and local boards, determines are appropriate.

"(4) LOCAL ADMINISTRATIVE COST LIMIT.—

"(A) IN GENERAL.—Of the amounts allocated to a local area under this subsection and section 128(b) for a fiscal year, not more than 10 percent of the amount may be used by the local boards for the administrative costs of carrying out local workforce investment activities under this chapter or chapter 4.

"(B) USE OF FUNDS.—Funds made available for administrative costs under subparagraph (A) may be used for the administrative costs of any of the local workforce investment activities described in this chapter or chapter 4, regardless of whether the funds were allocated under this subsection or section 128(b).";

(3) in subsection (c)—

(A) in paragraph (1), by striking "paragraph (2)(A) or (3) of";

(B) by amending paragraph (2) to read as follows:

"(2) AMOUNT.—The amount available for reallocation for a program year is equal to the amount by which the unexpended balance at the end of the program year prior to the program year for which the determination is made exceeds 30 percent of the total amount of funds available to the local area under this section during such prior program year (including amounts allotted to the local area in prior program years that remain available). For purposes of this paragraph, the unexpended balance is the amount that is the difference between—

"(A) the total amount of funds available to the local area under this section during the program year prior to the program year for which the determination is made (includ-

ing amounts allocated to the local area in all prior program years that remained available); and

"(B) the accrued expenditures during such prior program year.";

(C) by amending paragraph (3)—

(i) by striking "subsection (b)(3)" the first two places it appears and inserting "subsection (b)";

(ii) by striking "the prior program year" and inserting "the program year in which the determination is made";

(iii) by striking "such prior program year" and inserting "such program year"; and

(iv) by striking the last sentence; and

(D) by amending paragraph (4) to read as follows:

"(4) ELIGIBILITY.—For purposes of this subsection, an eligible local area means a local area which does not have an amount available for reallocation under paragraph (2) for the program year for which the determination under paragraph (2) is made.".

(e) USE OF FUNDS FOR EMPLOYMENT AND TRAINING ACTIVITIES.—

(1) STATEWIDE EMPLOYMENT AND TRAINING ACTIVITIES.—Section 134(a) (29 U.S.C. 2864(a) is amended to read as follows:

"(1) IN GENERAL.—

"(A) REQUIRED USE OF FUNDS.—Not less than 60 percent of the funds reserved by a Governor under section 133(a) shall be used to support One-Stop delivery systems and the provision of work ready services, and, in addition, may be used to support the provision of discretionary one-step delivery services, in local areas, consistent with the local plan, through one-stop delivery systems by distributing funds to local areas in accordance with subparagraph (B). Such funds may be used by States to employ State personnel to provide such services in designated local areas in consultation with local boards.

"(B) METHOD OF DISTRIBUTING FUNDS.—The method of distributing funds under this paragraph shall be developed in consultation with the State board and local boards. Such method of distribution, which may include the formula established under section 121(h)(3), shall be objective and geographically equitable, and may include factors such as the number of centers in the local area that have been certified, the population served by such centers, and the performance of such centers.

"(C) OTHER USE OF FUNDS.—Funds reserved by a Governor for a State—

"(i) under section 133(a) and not used under subparagraph (A), may be used for statewide activities described in paragraph (2); and

"(ii) under section 133(a) and not used under subparagraph (A), and under section 128(a) may be used to carry out any of the statewide employment and training activities described in paragraph (3).

"(2) STATEWIDE RAPID RESPONSE ACTIVITIES.—A State shall carry out statewide rapid response activities using funds re-

served as described in section 133(a). Such activities shall include—

"(A) provision of rapid response activities, carried out in local areas by the State or by an entity designated by the State, working in conjunction with the local boards and the chief elected officials in the local areas; and

"(B) provision of additional assistance to local areas that experience disasters, mass layoffs or plant closings, or other events that precipitate substantial increases in the number of unemployed individuals, carried out in local areas by the State, working in conjunction with the local boards and the chief elected officials in the local areas.

"(3) STATEWIDE ACTIVITIES.—Funds reserved by a Governor for a State as described in sections 133(a) and 128(a) may be used for statewide activities including—

"(A) supporting the provision of work ready services described in section 134(c)(2) in the one-stop delivery system;

"(B) implementing innovative programs and strategies designed to meet the needs of all businesses in the State, including small businesses, which may include incumbent worker training programs, sectoral and industry cluster strategies and partnerships, including regional skills alliances, sectoral skills partnerships (in which representatives of multiple employers for a specific industry sector or group of related occupations, economic development agencies, providers of training services described in subsection (d)(4), labor federations, and other entities that can provide needed supportive services tailored to the needs of workers in that sector or group, for a local area or region, identify gaps between the current and expected demand and supply of labor and skills in that sector or group for that area or region and develop a strategic skills gap action plan), career ladder programs, micro-enterprise and entrepreneurial training and support programs, utilization of effective business intermediaries, activities to improve linkages between the one-stop delivery system in the State and all employers (including small employers) in the State, and other business services and strategies that better engage employers in workforce investment activities and make the workforce investment system more relevant to the needs of State and local businesses, consistent with the objectives of this title;

"(C) conducting evaluations under section 136(e) of activities authorized under this chapter and chapter 4 in coordination with evaluations carried out by the Secretary under section 172, research, and demonstration projects;

"(D) providing incentive grants to local areas for regional cooperation among local boards (including local boards in a designated region as described in section 116(c)), for local coordination of activities carried out under this Act, and for exemplary performance by local areas on the local performance measures;

"(E) providing technical assistance and capacity building to local areas, one-stop operators, one-stop partners, and eligible providers, including the development and training

of staff, the development of exemplary program activities, and the provision of technical assistance to local areas that fail to meet local performance measures;

"(F) operating a fiscal and management accountability system under section 136(f);

"(G) carrying out monitoring and oversight of activities carried out under this chapter and chapter 4;

"(H) implementing innovative programs, such as incumbent worker training programs, programs and strategies designed to meet the needs of businesses in the State, including small businesses, and engage employers in workforce activities, and programs serving individuals with disabilities consistent with section 188;

"(I) developing strategies for effectively serving hard-to-serve populations and for integrating programs and services among one-stop partners; and

"(J) carrying out activities to facilitate remote access to services provided through a one-stop delivery system, including facilitating access through the use of technology.

"(4) LIMITATION.—Not more than 5 percent of the funds allotted under section 132(b) shall be used by the State for administrative activities carried out under this subsection and section 128(a).".

(2) LOCAL EMPLOYMENT AND TRAINING ACTIVITIES.—Section 134(b) (29 U.S.C. 2864(b)) is amended—

(A) by striking "under paragraph (2)(A)" and all that follows through "section 133(b)(2)(B)" and inserting "under section 133(b)"; and

(B) in paragraphs (1) and (2), by striking "or dislocated workers, respectively".

(3) TECHNICAL AMENDMENT.—Section 134 is further amended by redesignating subsections (d) and (e) as subsections (c) and (d), respectively.

(4) REQUIRED LOCAL EMPLOYMENT AND TRAINING ACTIVITIES.—

(A) ALLOCATED FUNDS.—Section 134(c)(1) (29 U.S.C. 2864(c)(1)) (as redesignated by paragraph (3)) is amended to read as follows:

"(1) IN GENERAL.—Funds allocated to a local area for adults under section 133(b) shall be used—

"(A) to establish a one-stop delivery system as described in section 121(e);

"(B) to provide the work ready services described in paragraph (2) through the one-stop delivery system in accordance with such paragraph;

"(C) to provide training services described in paragraph (4) to adults described in such paragraph; and

"(D) to designate a dedicated business liaison in the local area who may be funded with funds provided under this title or from other sources to establish and develop relationships and networks with large and small employers and their intermediaries.".

(B) WORK READY SERVICES.—Section 134(c)(2) (29 U.S.C. 2864(c)(2)) (as redesignated by paragraph (3)) is amended——

(i) in the heading, by striking "CORE SERVICES" and inserting "WORK READY SERVICES";

(ii) by striking "core services" and inserting "work ready services";

(iii) by striking "paragraph (1)(A)" and inserting "paragraph (1)(A)(i)";

(iv) by striking "who are adults or dislocated workers";

(v) in subparagraph (A), by inserting "and assistance in obtaining eligibility determinations under the other one-stop partner programs through such activities as assisting in the submission of applications, the provision of information on the results of such applications, the provision of intake services and information, and, where appropriate and consistent with the authorizing statute of the one-stop partner program, determinations of eligibility" after "subtitle";

(vi) by amending subparagraph (D) to read as follows:

"(D) labor exchange services, including—

"(i) job search and placement assistance, and where appropriate career counseling;

"(ii) appropriate recruitment services for employers, including small employers, in the local area, which may include services described in this subsection, including information and referral to specialized business services not traditionally offered through the one-stop delivery system; and

"(iii) reemployment services provided to unemployment claimants, including claimants identified as in need of such services under the worker profiling system established under section 303(j) of the Social Security Act (42 U.S.C. 503(j));";

(vii) in subparagraph (I), by inserting "and the administration of the work test for the unemployment compensation system" after "compensation"; and

(viii) by striking subparagraph (H) and inserting the following:

"(H) provision of accurate information, in formats that are usable and understandable to all one-stop center customers, relating to the availability of supportive services or assistance, including child care, child support, medical or child health assistance under title XIX or XXI of the Social Security Act (42 U.S.C. 1396 et seq. and 1397aa et seq.), benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), the earned income tax credit under section 32 of the Internal Revenue Code of 1986, and assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) and other supportive services and transportation provided through funds made available under such part, available in the local area, and referral to such services or assistance as appropriate;"; and

(ix) by amending subparagraph (J) to read as follows:

"(J) assistance in establishing eligibility for programs of financial aid assistance for training and education programs that are not funded under this Act and are available in the local area; and"; and

(x) by redesignating subparagraph (K) as subparagraph (M); and

(xi) by inserting the following new subparagraphs after subparagraph (J)):

"(K) the provision of information from official publications of the Internal Revenue Service, regarding federal tax credits available to individuals relating to education, job training and employment, including the Hope Scholarship Credit and the Lifetime Learning Credit (26 U.S.C. 25A), and the Earned Income Tax Credit (26 U.S.C. 32);

"(L) services relating to the Work Opportunity Tax Credit (26 U.S.C. 51);

"(M) comprehensive and specialized assessments of the skill levels and service needs of adults and dislocated workers, which may include—

"(i) diagnostic testing and use of other assessment tools; and

"(ii) in-depth interviewing and evaluation to identify employment barriers and appropriate employment goals;

"(N) development of an individual employment plan, to identify the employment goals, appropriate achievement objectives, and appropriate combination of services for the participation to achieve the employment goals;

"(O) group counseling;

"(P) individual counseling and career planning;

"(Q) case management;

"(R) short-term prevocational services, including development of learning skills, communications skills, interviewing skills, punctuality, personal maintenance skills, and professional conduct, to prepare individuals for unsubsidized employment or training;

"(S) internships and work experience;

"(T) literacy activities relating to basic work readiness, information and communication technology literacy activities, and financial literacy activities, if such activities are not available to participants in the local area under programs administered under the Adult Education and Family Literacy Act (20 U.S.C. 2901 et seq.); and

"(U) out-of-area job search assistance and relocation assistance.".

(C) DELIVERY OF SERVICES.—Section 134(c)(3) (29 U.S.C. 2864(c)(3) (as redesignated by paragraph (3) of this subsection) is amended to read as follows:

"(3) DELIVERY OF SERVICES.—The work ready services described in paragraph (M) through (U) shall be provided through the one-stop delivery system and may be provided through contracts with public, private for-profit, and private nonprofit service providers, approved by the local board.".

(D) TRAINING SERVICES.—Section 134(c)(4) (as redesignated by paragraph (3) of this subsection) is amended—

(i) by amending subparagraph (A) to read as follows:

"(A) IN GENERAL.—Funds allocated to a local area under section 133(b) shall be used to provide training services to adults who—

"(i) after an interview, evaluation, or assessment, and case management, have been determined by a one-stop operator or one-stop partner, as appropriate, to—

"(I) be in need of training services to obtain or retain suitable employment; and

"(II) have the skills and qualifications to successfully participate in the selected program of training services;

"(ii) select programs of training services that are directly linked to the employment opportunities in the local area involved or in another area in which the adults receiving such services are willing to commute or relocate;

"(iii) who meet the requirements of subparagraph (B); and

"(iv) who are determined eligible in accordance with the priority system in effect under subparagraph (E).";

(ii) in subparagraph (B)(i), by striking "Except" and inserting "Notwithstanding section 479B of the Higher Education Act of 1965 (20 U.S.C. 1087uu) and except";

(iii) by amending subparagraph (D) to read as follows:

"(D) TRAINING SERVICES.—Training services authorized under this paragraph may include—

"(i) occupational skills training;

"(ii) on-the-job training;

"(iii) skill upgrading and retraining;

"(iv) entrepreneurial training;

"(v) education activities leading to a high school diploma or its equivalent, including a General Educational Development credential, in combination with, concurrently or subsequently, occupational skills training;

"(vi) adult education and literacy activities provided in conjunction with other training authorized under this subparagraph;

"(vii) workplace training combined with related instruction; and

"(viii) occupational skills training that incorporates English language acquisition.";

(iv) by amending subparagraph (E) to read as follows:

"(E) PRIORITY.—

"(i) IN GENERAL.—A priority shall be given to unemployed individuals and employed workers who need training services to retain employment or to advance in a career for the provision of intensive and training services under this subsection.

"(ii) DETERMINATIONS.—The Governor and the appropriate local board shall direct the one-stop opera-

tors in the local area with regard to making determinations with respect to the priority of service under this subparagraph.";

(v) in subparagraph (F), by striking clause (iii) and inserting the following:

"(iii) CAREER ENHANCEMENT ACCOUNTS.—An individual who seeks training services and who is eligible pursuant to subparagraph (A), may, in consultation with a case manager, select an eligible provider of training services from the list or identifying information for providers described in clause (ii)(I). Upon such selection, the one-stop operator involved shall, to the extent practicable, refer such individual to the eligible provider of training services, and arrange for payment for such services through a career enhancement account.

"(iv) COORDINATION.—Each local board may, through one-stop centers, coordinate career enhancement accounts with other Federal, State, local, or private job training programs or sources to assist the individual in obtaining training services.

"(v) ENHANCED CAREER ENHANCEMENT ACCOUNTS.—Each local board may, through one-stop centers, assist individuals receiving career enhancement accounts through the establishment of such accounts that include, in addition to the funds provided under this paragraph, funds from other programs and sources that will assist the individual in obtaining training services."; and

(vi) in subparagraph (G)—

(I) in the subparagraph heading, by striking "INDIVIDUAL TRAINING ACCOUNTS" and inserting "CAREER ENHANCEMENT ACCOUNTS";

(II) in clause (i) by striking "individual training accounts" and inserting "career enhancement accounts";

(III) in clause (ii)—

(aa) by striking "an individual training account" and inserting "a career enhancement account";

(bb) in subclause (II), by striking "individual training accounts" and inserting "career enhancement accounts";

(cc) in subclause (II) by striking "or" after the semicolon;

(dd) in subclause (III) by striking the period and inserting "; or"; and

(ee) by adding at the end of the following:

"(IV) The local board determines that it would be most appropriate to award a contract to an institution of higher education in order to facilitate the training of multiple individuals in high-demand occupations, if such contract does not limit customer choice.".

(IV) in clause (iv)—

(aa) by redesignating subclause (IV) as subclause (V) and inserting after subclause (III) the following:

"(IV) Individuals with disabilities.".

(5) PERMISSIBLE ACTIVITIES.—Section 134(d) (as redesignated by paragraph (3)) is amended—

(A) by amending paragraph (1) to read as follows:

"(1) DISCRETIONARY ONE-STOP DELIVERY ACTIVITIES.—

"(A) IN GENERAL.—Funds allocated to a local area under section 133(b) may be used to provide, through the one-stop delivery system—

"(i) customized screening and referral of qualified participants in training services to employers;

"(ii) customized employment-related services to employers on a fee-for-service basis;

"(iii) customer support to navigate among multiple services and activities for special participant populations that face multiple barriers to employment, including individuals with disabilities;

"(iv) employment and training assistance provided in coordination with child support enforcement activities of the State agency carrying out subtitle D of title IV of the Social Security Act (42 U.S.C. 651 et seq.);

"(v) activities to improve services to local employers, including small employers in the local area, and increase linkages between the local workforce investment system and employers;

"(vi) activities to facilitate remote access to services provided through a one-stop delivery system, including facilitating access through the use of technology; and

"(vii) activities to carry out business services and strategies that meet the workforce investment needs of local area employers, as determined by the local board, consistent with the local plan under section 118, which services—

"(I) may be provided through effective business intermediaries working in conjunction with the local board, and may also be provided on a fee-for-service basis or through the leveraging of economic development and other resources as determined appropriate by the local board; and

"(II) may include—

"(aa) identifying and disseminating to business, educators, and job seekers, information related to the workforce, economic and community development needs, and opportunities of the local economy;

"(bb) development and delivery of innovative workforce investment services and strategies for area businesses, which may include sectoral, industry cluster, regional skills alliances, career ladder, skills upgrading, skill standard development and certification, apprenticeship, and other effective initiatives for

meeting the workforce investment needs of area employers and workers;

"(cc) participation in seminars and classes offered in partnership with relevant organizations focusing on the workforce-related needs of area employers and job seekers;

"(dd) training consulting, needs analysis, and brokering services for area businesses, including the organization and aggregation of training (which may be paid for with funds other than those provided under this title), for individual employers and coalitions of employers with similar interests, products, or workforce needs;

"(ee) assistance to area employers in the aversion of layoffs and in managing reductions in force in coordination with rapid response activities;

"(ff) the marketing of business services offered under this title, to appropriate area employers, including small and mid-sized employers;

"(gg) information referral on concerns affecting local employers; and

"(hh) other business services and strategies designed to better engage employers in workforce investment activities and to make the workforce investment system more relevant to the workforce investment needs of area businesses, as determined by the local board to be consistent with the objectives of this title.

"(B) WORK SUPPORT ACTIVITIES FOR LOW-WAGE WORKERS.—

"(i) IN GENERAL.—Funds allocated to a local area under 133(b) may be used to provide, through the one-stop delivery system and in collaboration with the appropriate programs and resources of the one-stop partners, work support activities designed to assist low-wage workers in retaining and enhancing employment. The one stop partners shall coordinate the appropriate programs and resources of the partners with the activities and resources provided under this subparagraph.

"(ii) ACTIVITIES.—The activities described in clause (i) may include assistance in accessing financial supports for which such workers may be eligible and the provision of activities available through the one-stop delivery system in a manner that enhances the opportunities of such workers to participate, such as the provision of employment and training activities during nontraditional hours and the provision of on-site child care while such activities are being provided."; and

(B) by adding after paragraph (3) the following new paragraph:

"(4) INCUMBENT WORKER TRAINING PROGRAMS.—

"(A) IN GENERAL.—The local board may use up to 10 percent of the funds allocated to a local area under section 133(b) to carry out incumbent worker training programs in accordance with this paragraph.

"(B) TRAINING ACTIVITIES.—The training programs for incumbent workers under this paragraph shall be carried out by the local area in conjunction with the employers of such workers for the purpose of assisting such workers in obtaining the skills necessary to retain employment and avert layoffs.

"(C) EMPLOYER MATCH REQUIRED.—

"(i) IN GENERAL.—Employers participating in programs under this paragraph shall be required to pay a proportion of the costs of providing the training to the incumbent workers of the employers. The State board, in consultation with the local board as appropriate, shall establish the required portion of such costs, which may include in-kind contributions. The required portion shall not be less than—

"(I) 10 percent of the costs, for employers with 50 or fewer employees;

"(II) 25 percent of the costs, for employers with more than 50 employees but fewer than 100 employees; and

"(III) 50 percent of the costs, for employers with 100 or more employees.

"(ii) CALCULATION OF MATCH.—The wages paid by an employer to a worker while they are attending training may be included as part of the requirement payment of the employer.".

SEC. 423. PERFORMANCE ACCOUNTABILITY SYSTEM.

(a) STATE PERFORMANCE MEASURES.—

(1) IN GENERAL.—Section 136(b)(1) (29 U.S.C. 2871(b)(1)) is amended—

(A) in subparagraph (A)(i), by striking "and the customer satisfaction indicator of performance described in paragraph (2)(B)"; and

(B) in subparagraph (A)(ii), by striking "paragraph (2)(C)" and inserting "paragraph (2)(B)".

(2) INDICATORS OF PERFORMANCE.—Section 136(b)(2) (29 U.S.C. 2871(b)(2)) is amended—

(A) in subparagraph (A)(i)—

(i) by striking "(except for self-service and information activities) and (for participants who are eligible youth age 19 through 21) for youth activities authorized under section 129";

(ii) in subclause (II), by striking "6 months after entry into the employment" and inserting "and" after the semicolon; and

(iii) by striking subclause (III), and inserting the following:

"(III) average earnings from unsubsidized employment.";

(B) by striking subclause (IV) of subparagraph (A)(i);

(C) by amending subparagraph (A)(ii) to read as follows:

"(ii) CORE INDICATORS FOR ELIGIBLE YOUTH.—The core indicators of performance for youth activities authorized under section 129 shall consist of—

"(I) entry into employment, education or advanced training, or military service;

"(II) attainment of secondary school diploma, General Educational Development credential (GED), or other State-recognized equivalent or certificate (including recognized alternative standards for individuals with disabilities); and

"(III) literacy or numeracy gains.";

(D) by striking subparagraph (B); and

(E) by redesignating subparagraph (C) as subparagraph (B), and by adding at the end of such subparagraph the following new sentence: "Such indicators may include customer satisfaction of employers and participants with services received from the workforce investment activities authorized under this subtitle.".

(3) LEVELS OF PERFORMANCE.—Section 136(b)(3)(A) (29 U.S.C. 2871(b)(3)(A)) is amended—

(A) in clause (i), by striking "and the customer satisfaction indicator described in paragraph (2)(B)";

(B) in clause (ii), by striking "and the customer satisfaction indicator of performance, for the first 3" and inserting "for the 2";

(C) in clause (iii)—

(i) in the heading, by striking "**FOR FIRST 3 YEARS**"; and

(ii) by striking "and the customer satisfaction indicator of performance, for the first 3" and inserting "for the 2";

(D) in clause (iv)—

(i) by striking subclause (I);

(ii) by redesignating subclauses (II) and (III) as subclauses (I) and (II), respectively; and

(iii) in subclause (I) (as so redesignated)—

(I) by striking "taking into account" and inserting "which shall be adjusted based on";

(II) by inserting ", such as unemployment rates and job losses or gains in particular industries" after "economic conditions"; and

(III) by inserting ", such as indicators of poor work history, lack of work experience, dislocation from high-wage employment, low levels of literacy or English proficiency, disability status, including the number of veterans with disabilities, and welfare dependency" after "program";

(E) by striking clause (v) and redesignating clause (vi) as clause (v).

(4) ADDITIONAL INDICATORS.—Section 136(b)(3)(B) is amended by striking "paragraph (2)(C)" and inserting "paragraph (2)(B)".

(b) LOCAL PERFORMANCE MEASURES.—Section 136(c) (29 U.S.C. 2871(c)) is amended—

(1) in paragraph (1)(A)(i), by striking ", and the customer satisfaction indicator of performance described in subsection (b)(2)(B),";

(2) in paragraph (1)(A)(ii), by striking "subsection (b)(2)(C)" and inserting "subsection (b)(2)(B)"; and

(3) by amending paragraph (3) to read as follows:

"(3) DETERMINATIONS.—In determining such local levels of performance, the local board, the chief elected official, and the Governor shall ensure such levels are adjusted based on the specific economic characteristics (such as unemployment rates and job losses or gains in particular industries), demographic characteristics, or other characteristics of the population to be served in the local area, such as poor work history, lack of work experience, dislocation from high-wage employment, low levels of literacy or English proficiency, disability status, including the number of veterans with disabilities, and welfare dependency.".

(c) REPORT.—Section 136(d) (29 U.S.C. 2871(d)) is amended—

(1) in paragraph (1), by striking "and the customer satisfaction indicator" in both places that it appears;

(2) in paragraph (2)—

(A) in subparagraph (E), by striking "(excluding participants who received only self-service and informational activities); and" and inserting a semicolon;

(B) in subparagraph (F), by striking the period and inserting "; and"; and

(C) by adding at the end the following:

"(G) the number of participants who have received services other than followup services, authorized under this title, in the form of work ready services described in section 134(d)(2), and training services described in section 134(d)(4), respectively;

"(H) the number of participants who have received followup services authorized under this title; and

"(I) the cost per participant for services authorized under this title."; and

(3) by adding at the end the following:

"(4) DATA VALIDATION.—In preparing the reports described in this subsection, the States shall establish procedures, consistent with guidelines issued by the Secretary, to ensure the information contained in the report is valid and reliable.".

(d) SANCTIONS FOR STATE.—Section 136(g) (29 U.S.C. 2871(g)) is amended—

(1) in paragraph (1)(A), by striking "or (B)"; and

(2) in paragraph (2), by striking "section 503" and inserting "section 136(i)".

(e) SANCTIONS FOR LOCAL AREAS.—Section 136(h) (29 U.S.C. 2871(h)) is amended—

(1) in paragraph (1), by striking "or (B)"; and

(2) by amending paragraph (2)(B) to read as follows:

"(B) APPEAL TO GOVERNOR.—A local area that is subject to a reorganization plan under subparagraph (A) may, not later than 30 days after receiving notice of the reorganization plan, appeal to the Governor to rescind or revise such plan. In such case, the Governor shall make a final deci-

sion not later than 30 days after the receipt of the appeal.".

(f) INCENTIVE GRANTS.—Section 136(i) (29 U.S.C. 2871(i)) is amended to read as follows:

"(i) INCENTIVE GRANTS FOR STATES AND LOCAL AREAS.—

"(1) INCENTIVE GRANTS FOR STATES.—

"(A) IN GENERAL.—From funds appropriated under section 174, the Secretary may award incentive grants to States for exemplary performance in carrying programs under chapters 4 and 5 of this title. Such awards may be based on States meeting or exceeding the performance measures established under this section, on the performance of the State in serving special populations, including the levels of service provided and the performance outcomes, and such other factors relating to the performance of the State under this title as the Secretary determines is appropriate.

"(B) USE OF FUNDS.—The funds awarded to a State under this paragraph may be used to carry out any activities authorized under chapters 4 and 5 of this title, including—

"(i) activities that provide technical assistance to local areas to replicate best practices for workforce and education programs;

"(ii) activities that support the needs of businesses, especially for incumbent workers and enhancing opportunities for retention and advancement;

"(iii) activities that support linkages between the workforce and education programs, and secondary, postsecondary, or career and technical education programs, including activities under the Carl D. Perkins Career and Technical Education Act (20 U.S.C. 2301 et seq.), the Adult Education and Family Literacy Act (20 U.S.C. 9201 et seq.), and the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.);

"(iv) activities that support regional economic development plans that support high-wage, high-skill, or high-demand occupations leading to self-sufficiency;

"(v) activities that coordinate the workforce and education programs with other Federal and State programs related to the workforce and education programs;

"(vi) activities that support the development of an integrated performance information system that includes common measures for one-stop partner programs described in section 121;

"(vii) activities that support activities to improve performance in workforce and education programs and program coordination of workforce and education programs; or

"(viii) activities that leverage additional training resources, other than those provided through workforce and education programs, for adults and youth.

"(2) INCENTIVE GRANTS FOR LOCAL AREAS.—

"(A) IN GENERAL.—From funds reserved under sections 128(a) and 133(a), the Governor may award incentive grants to local areas for exemplary performance with respect to the measures established under this section and with the performance of the local area in serving special populations, including the levels of service and the performance outcomes.

"(B) USE OF FUNDS.—The funds awarded to a local area may be used to carry out activities authorized for local areas under chapters 4 and 5 of this title, the Adult Education and Family Literacy Act, and the Rehabilitation Act of 1973 (referred to in this subsection as 'workforce and education programs'), and such innovative projects or programs that increase coordination and enhance service to participants in such programs, particularly hard-to-serve populations, as may be approved by the Governor, including—

"(i) activities that support the needs of businesses, especially for incumbent workers and enhancing opportunities for retention and advancement;

"(ii) activities that support linkages between the workforce and education programs, and secondary, postsecondary, or career and technical education programs, including activities under the Carl D. Perkins Career and Technical Education Act (20 U.S.C. 2301 et seq.), the Adult Education and Family Literacy Act (20 U.S.C. 9201 et seq.), and the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.);

"(iii) activities that support regional economic development plans that support high-wage, high-skill, or high-demand occupations leading to self-sufficiency;

"(iv) activities that coordinate the workforce and education programs with other Federal and State programs related to the workforce and education programs;

"(v) activities that support the development of an integrated performance information system that includes common measures for one-stop partner programs described in section 121;

"(vi) activities that support activities to improve performance in workforce and education programs and program coordination of workforce and education programs; or

"(vii) activities that leverage additional training resources, other than those provided through workforce and education programs, for adults and youth.".

(g) USE OF CORE INDICATORS FOR OTHER PROGRAMS.—Section 136 (29 U.S.C. 2871) is further amended by adding at the end the following subsection:

"(j) USE OF CORE INDICATORS FOR OTHER PROGRAMS.—In addition to the programs carried out under chapters 4 and 5, and consistent with the requirements of the applicable authorizing laws, the Secretary shall use the core indicators of performance described in subsection (b)(2)(A) to assess the effectiveness of the programs

described under section 121(b)(1)(B) that are carried out by the Secretary.".

(h) REPEAL OF DEFINITIONS.—Sections 502 and 503 (and the items related to such sections in the table of contents) are repealed.

SEC. 424. AUTHORIZATION OF APPROPRIATIONS.

(a) YOUTH ACTIVITIES.—Section 137(a) (29 U.S.C. 2872(a)) is amended by striking "such sums as may be necessary for each of fiscal years 1999 through 2003" and inserting "such sums as may be necessary for each of fiscal year 2008 through 2012".

(b) ADULT EMPLOYMENT AND TRAINING ACTIVITIES.—Section 137(b) (29 U.S.C. 2872(b)) is amended by striking "section 132(a)(1), such sums as may be necessary for each of fiscal years 1999 through 2003" and inserting "section 132(a), such sums as may be necessary for each of fiscal years 2008 through 2012".

(c) DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES.—Section 137 is further amended by striking subsection (c).

SEC. 425. JOB CORPS.

(a) PROGRAM ACTIVITIES.—Section 148(a) is amended by striking paragraph (1) and inserting the following:

"(1) IN GENERAL.—Each Job Corps Center shall provide enrollees with an intensive, well organized, and fully supervised program of education, career training, work experience, recreational activities, physical rehabilitation and development, and counseling. Each Job Corps center shall provide enrollees assigned to the center with access to work ready services described in section 134(c)(2).".

(b) INDUSTRY COUNCILS.—Section 154(b) (29 U.S.C. 2894(b)) is amended—

(1) in paragraph (1)(A), by striking "local and distant"; and

(2) by adding after paragraph (2) the following:

"(3) EMPLOYERS OUTSIDE OF LOCAL AREAS.—The industry council may include, or otherwise provide for consultation with, employers from outside the local area who are likely to hire a significant number of enrollees from the Job Corps center.

"(4) SPECIAL RULE FOR SINGLE LOCAL AREA STATES.—In the case of a single local area State designated under section 116(b), the industry council shall include a representative of the State Board.".

(c) INDICATORS OF PERFORMANCE AND ADDITIONAL INFORMATION.—Section 159(c) (29 U.S.C. 2893(c)) is amended—

(1) by amending paragraph (1) to read as follows:

"(1) CORE INDICATORS.—The Secretary shall annually establish expected levels of performance for Job Corps centers and the Job Corps program relating to each of the following core indicators of performance for youth—

"(A) entry into education, employment, military service or advanced training;

"(B) attainment of a secondary school diploma, General Educational Development credential (GED), or other State-recognized equivalent; and

"(C) literacy or numeracy gains."; and

(2) in paragraph (2), by striking "measures" each place it appears and inserting "indicators".

(d) AUTHORIZATION OF APPROPRIATIONS.—Section 161 (29 U.S.C. 2901) is amended by striking "1999 through 2003" and inserting "2008 through 2012".

(e) REPEAL OF REQUIREMENT RELATING TO FEDERAL ADMINISTRATION.—Section 102 of the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2006 (Public Law 109–149) is repealed.

SEC. 426. NATIVE AMERICAN PROGRAMS.

(a) ADVISORY COUNCIL.—Section 166(h)(4)(C) (29 U.S.C. 2911(h)(4)(C)) is amended to read as follows:

"(C) DUTIES.—The Council shall advise the Secretary on the operation and administration of the programs assisted under this section.".

(b) ASSISTANCE TO AMERICAN SAMOANS IN HAWAII.—Section 166 (29 U.S.C. 2911) is further amended by striking subsection (j).

SEC. 427. MIGRANT AND SEASONAL FARMWORKER PROGRAMS.

Section 167(d) is amended by inserting "(including permanent housing)" after "housing".

SEC. 428. VETERANS' WORKFORCE INVESTMENT PROGRAMS.

Section 168(a)(3)(C) (29 U.S.C. 2913 (a)(3)(C)) is amended by striking "section 134(c)" and inserting "section 121(e)".

SEC. 429. YOUTH CHALLENGE GRANTS.

(a) IN GENERAL.—Section 169 (29 U.S.C. 2914) is amended to read as follows:

"SEC. 169. YOUTH CHALLENGE GRANTS.

"(a) IN GENERAL.—Of the amounts reserved by the Secretary under section 127(a)(1)(A) for a fiscal year—

"(1) the Secretary shall use not less than 80 percent to award competitive grants under subsection (b); and

"(2) the Secretary may use not more than 20 percent to award discretionary grants under subsection (c).

"(b) COMPETITIVE GRANTS TO STATES AND LOCAL AREAS.—

"(1) ESTABLISHMENT.—From the funds described in subsection (a)(1), the Secretary shall award competitive grants to eligible entities to carry out activities authorized under this section to assist eligible youth in acquiring the skills, credentials and employment experience necessary to succeed in the labor market.

"(2) ELIGIBLE ENTITIES.—Grants under this subsection may be awarded to States, local boards, recipients of grants under section 166 (relating to Native American programs), and public or private entities (including consortia of such entities) applying in conjunction with local boards.

"(3) GRANT PERIOD.—The Secretary may make a grant under this section for a period of 1 year and may renew the grants for each of the 4 succeeding years.

"(4) AUTHORITY TO REQUIRE MATCH.—The Secretary may require that grantees under this subsection provide a non-Federal share of the cost of activities carried out under a grant awarded under this subsection.

"(5) PARTICIPANT ELIGIBILITY.—Youth ages 14 through 19 as of the time the eligibility determination is made may be eligible to participate in activities provided under this subsection.

"(6) USE OF FUNDS.—Funds under this subsection may be used for activities that are designed to assist youth in acquiring the skills, credentials and employment experience that are necessary to succeed in the labor market, including the activities identified in section 129. The activities may include activities such as—

"(A) training and internships for out-of-school youth in sectors of the economy experiencing or projected to experience high growth;

"(B) after-school dropout prevention activities for in-school youth;

"(C) activities designed to assist special youth populations, such as court-involved youth and youth with disabilities; and

"(D) activities combining remediation of academic skills, work readiness training, and work experience, and including linkages to postsecondary education, apprenticeships, and career-ladder employment.

"(7) APPLICATIONS.—To be eligible to receive a grant under this subsection, an eligible entity shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require, including—

"(A) a description of the activities the eligible entity will provide to eligible youth under this subsection and how the eligible entity will collaborate with State and local workforce investment systems established under this title in the provisions of such activities;

"(B) a description of the programs of demonstrated effectiveness on which the provision of the activities under subparagraph (A) are based, and a description of how such activities will expand the base of knowledge relating to the provision of activities for youth;

"(C) a description of the private and public, and local and State resources that will be leveraged to provide the activities described under subparagraph (A) in addition to the funds provided under this subsection and a description of the extent of the involvement of employers in the activities; and

"(D) the levels of performance the eligible entity expects to achieve with respect to the indicators of performance for youth specified in section 136(b)(2)(A)(ii).

"(8) FACTORS FOR AWARD.—

"(A) IN GENERAL.—In awarding grants under this subsection the Secretary shall consider—

"(i) the quality of the proposed activities;

"(ii) the goals to be achieved;

"(iii) the likelihood of successful implementation;

"(iv) the extent to which the proposed activities are based on proven strategies or the extent to which the proposed activities will expand the base of knowledge relating to the provision of activities for eligible youth;

"(v) the extent of collaboration with the State and local workforce investment systems in carrying out the proposed activities;

"(vi) the extent of employer involvement in the proposed activities;

"(vii) whether there are other Federal and non-Federal funds available for similar activities to the proposed activities, and the additional State, local, and private resources that will be provided to carry out the proposed activities;

"(viii) the quality of the proposed activities in meeting the needs of the eligible youth to be served; and

"(ix) the extent to which the proposed activities will expand on services provided under section 127.

"(B) EQUITABLE GEOGRAPHIC DISTRIBUTION.—In awarding grants under this subsection the Secretary shall ensure an equitable distribution of such grants across geographically diverse areas.

"(9) EVALUATION.—The Secretary may reserve up to 5 percent of the funds described in subsection(a)(1) to provide technical assistance to, and conduct evaluations of the projects funded under this subsection (using appropriate techniques as described in section 172(c)).

"(c) DISCRETIONARY GRANTS FOR YOUTH ACTIVITIES.—

"(1) IN GENERAL.—From the funds described in subsection(a)(2), the Secretary may award grants to eligible entities to provide activities that will assist youth in preparing for, and entering and retaining, employment.

"(2) ELIGIBLE ENTITIES.—Grants under this subsection may be awarded to public or private entities that the Secretary determines would effectively carry out activities relating to youth under this subsection.

"(3) PARTICIPANT ELIGIBILITY.—Youth ages 14 through 19 at the time the eligibility determination is made may be eligible to participate in activities under this subsection.

"(4) USE OF FUNDS.—Funds provided under this subsection may be used for activities that will assist youth in preparing for, and entering and retaining, employment, including the activities described in section 129 for out-of-school youth, activities designed to assist in-school youth to stay in school and gain work experience, and such other activities that the Secretary determines are appropriate.

"(5) APPLICATIONS.—To be eligible to receive a grant under this subsection, an eligible entity shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

"(6) ADDITIONAL REQUIREMENTS.—The Secretary may require the provision of a non-Federal share for projects funded under this subsection and may require participation of grantees in evaluations of such projects, including evaluations using the techniques as described in section 172(c).".

(b) CLERICAL AMENDMENT.—The table of contents in section 1(b) is amended by amending the item related to section 169 to read as follows:

"Sec. 169. Youth challenge grants.".

SEC. 430. TECHNICAL ASSISTANCE.

Section 170 (29 U.S.C. 2915) is amended—

(1) by striking subsection (b);

(2) by striking

"(a) GENERAL TECHNICAL ASSISTANCE.—";

(3) by redesignating paragraphs (1), (2), and (3) as subsections (a), (b), and (c) respectively, and moving such subsections 2 ems to the left;

(4) in subsection (a) (as redesignated by paragraph (3))—

(A) by inserting "the training of staff providing rapid response services, the training of other staff of recipients of funds under this title, peer review activities under this title, assistance regarding accounting and program operation practices (when such assistance would not be duplicative to assistance provided by the State), technical assistance to States that do not meet State performance measures described in section 136," after "localities,"; and

(B) by striking "from carrying out activities" and all that follows up to the period and inserting "to implement the amendments made by the Workforce Investment Improvement Act of 2007"; and

(5) by inserting, after subsection (c) (as redesignated by paragraph (3)), the following:

"(d) BEST PRACTICES COORDINATION.—The Secretary shall—

"(1) establish a system through which States may share information regarding best practices with regard to the operation of workforce investment activities under this Act;

"(2) evaluate and disseminate information regarding best practices and identify knowledge gaps; and

"(3) commission research under section 171(c) to address knowledge gaps identified under paragraph (2).".

SEC. 431. DEMONSTRATION, PILOT, MULTISERVICE, RESEARCH AND MULTI-STATE PROJECTS.

(a) DEMONSTRATION AND PILOT PROJECTS.—Section 171(b) (29 U.S.C. 2916(b)) is amended—

(1) in paragraph (1)—

(A) by striking "Under a" and inserting "Consistent with the priorities specified in the";

(B) by amending subparagraphs (A) through (D) to read as follows:

"(A) projects that assist national employers in connecting with the workforce investment system established under this title in order to facilitate the recruitment and employment of needed workers and to provide information to such system on skills and occupations in demand;

"(B) projects that promote the development of systems that will improve the effectiveness and efficiency of programs carried out under this title;

"(C) projects that focus on opportunities for employment in industries and sectors of industries that are experiencing or are likely to experience high rates of growth, including those relating to information technology;

"(D) projects carried out by States and local areas to test innovative approaches to delivering employment-related services;";

(C) by striking subparagraph (E);

(D) by redesignating subparagraphs (F) and (G) as subparagraphs (E) and (F), respectively;

(E) in subparagraph (F) (as so redesignated, by striking "; and" and inserting a semicolon;

(F) by inserting after subparagraph (F) (as so redesignated) the following:

"(G) projects carried out by States and local areas to assist adults or out of school youth in starting a small business, including training and assistance in business or financial management or in developing other skills necessary to operate a business;"; and

(G) by amending subparagraph (H) to read as follows:

"(H) projects that focus on opportunities for employment in industries and sectors of industries that are being transformed by technology and innovation requiring new knowledge or skill sets for workers, including advanced manufacturing; and"; and

(2) in paragraph (2)—

(A) by striking subparagraph (B); and

(B) by redesignating subparagraph (C) as subparagraph (B).

(b) MULTISERVICE PROJECTS.—Section 171(c)(2)(B) (29 U.S.C. 2916(c)(2)(B)) is amended to read as follows:

"(B) NET IMPACT STUDIES AND REPORTS.—The Secretary shall conduct studies to determine the net impacts of programs, services, and activities carried out under this title. The Secretary shall prepare and disseminate to Congress and the public reports containing the results of such studies.".

SEC. 432. COMMUNITY-BASED JOB TRAINING.

Section 171(d) is amended to read as follows:

"(d) COMMUNITY-BASED JOB TRAINING.—

"(1) DEMONSTRATION PROJECT.—In addition to the demonstration projects under subsection (b), the Secretary may establish and implement a national demonstration project designed to develop local solutions to the workforce challenges facing high-growth, high-skill industries with labor shortages, and increase opportunities for workers to gain access to employment in high-growth, high-demand occupations by promoting the establishment of partnerships among education entities, the workforce investment system, and businesses in high-growth, high-skill industries.

"(2) GRANTS.—In carrying out the demonstration project under this subsection, the Secretary shall award competitive grants, in accordance with generally applicable Federal requirements, to eligible entities to carry out activities authorized under this subsection.

"(3) DEFINITIONS.—

"(A) ELIGIBLE ENTITY.—In this subsection, the term 'eligible entity' means a community college or consortium of community colleges that shall work in conjunction with—

"(i) the local workforce investment system; and

"(ii) business or businesses in a qualified industry or an industry association in a qualified industry.

"(B) QUALIFIED INDUSTRY.—In this subsection, the term 'qualified industry' means an industry or economic sector that is projected to experience significant growth, such as an industry and economic sector that—

"(i) is projected to add substantial numbers of new jobs to the economy;

"(ii) has significant impact on the economy;

"(iii) impacts the growth of other industries and economic sectors;

"(iv) is being transformed by technology and innovation requiring new knowledge or skill sets for workers;

"(v) is a new or emerging industry or economic sector that is projected to grow; or

"(vi) has high-skilled occupations and significant labor shortages in the local area.

"(C) COMMUNITY COLLEGE.—As used in this subsection, the term 'community college' means an institution of higher education, as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001), that provides not less than a 2-year program that is acceptable for full credit toward a bachelor's degree, or is a tribally controlled college or university.

"(4) AUTHORITY TO REQUIRE NON-FEDERAL SHARE.—The Secretary may require that recipients of grants under this subsection provide a non-Federal share, from either cash or noncash resources, of the costs of activities carried out under a grant awarded under this subsection.

"(5) USE OF FUNDS.—Grants awarded under this subsection may be used for—

"(A) the development, by a community college, in consultation with representatives of qualified industries, of rigorous training and education programs related to employment in a qualified industry identified in the eligible entity's application;

"(B) training of adults and dislocated workers in the skills and competencies needed to obtain or upgrade employment in a qualified industry identified in the eligible entity's application;

"(C) disseminating to adults and dislocated workers, through the one-stop delivery system, information on high-growth, high-demand occupations in qualified industries;

"(D) placing, through the one-stop delivery system, trained individuals into employment in qualified industries; and

"(E) increasing the integration of community colleges with activities of businesses and the one-stop delivery system to meet the training needs for qualified industries.

"(6) APPLICATIONS.—To be eligible to receive a grant under this subsection, an eligible entity shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require, including—

"(A) a description of the eligible entity that will offer training under the grant;

"(B) an economic analysis of the local labor market to identify high-growth, high-demand industries, identify the

workforce issues faced by those industries, and potential participants in programs funded under this subsection;

"(C) a description of the qualified industry for which training will occur and the availability of competencies on which training will be based and how the grant will help workers acquire the competencies and skills necessary for employment;

"(D) an assurance that the application was developed in consultation with the local board or boards and businesses, including small businesses, in the geographic area or areas where the proposed grant will be used;

"(E) performance measures for the grant, including expected number of individuals to be trained in a qualified industry, the employment and retention rates for such individuals in a qualified industry, and earnings increases for such individuals;

"(F) a description of how the activities funded by the proposed grant will be coordinated with activities provided through the one-stop delivery system in the local area or areas; and

"(G) a description of any local or private resources that will support the activities carried out under this subsection and allow the entity to carry out and expand such activities after the expiration of the grant.

"(7) FACTORS FOR AWARD OF GRANT.—

"(A) IN GENERAL.—In awarding grants under this subsection the Secretary shall consider—

"(i) the extent of public and private collaboration, including existing partnerships among industries, community colleges, and the public workforce investment system;

"(ii) the extent to which the grant will provide job seekers with employment opportunities in high-growth, high-demand occupations;

"(iii) the extent to which the grant will expand the eligible entity and local one-stop delivery system's capacity to be demand-driven and responsive to local economic needs;

"(iv) the extent to which local businesses commit to hire or retain individuals who receive training through the grant; and

"(v) the extent to which the eligible entity commits to make any newly developed products, such as competencies or training curriculum, available for distribution nationally.

"(B) LEVERAGING OF RESOURCES.—In awarding grants under this subsection, the Secretary shall also consider—

"(i) the extent to which local or private resources, in addition to the funds provided under this subsection, will be made available to support the activities carried out under this subsection; and

"(ii) the ability of an eligible entity to continue to carry out and expand such activities after the expiration of the grant.

"(C) DISTRIBUTION OF GRANTS.—In awarding grants under this subsection the Secretary shall ensure an equitable distribution of such grants across geographically diverse areas.

"(8) PERFORMANCE ACCOUNTABILITY AND EVALUATION.—

"(A) PERFORMANCE ACCOUNTABILITY.—The Secretary shall require an eligible entity that receives a grant under this subsection to report to the Secretary on the employment outcomes obtained by individuals receiving training under this subsection using the indicators of performance identified in the eligible entity's grant application.

"(B) EVALUATION.—The Secretary may require that an eligible entity that receives a grant under this subsection participate in an evaluation of activities carried out under this subsection, including an evaluation using the techniques described in section 172(c).".

SEC. 433. EVALUATIONS.

(a) IMPACT ANALYSIS.—Section 172(a)(4) (29 U.S.C. 2917(a)(4)) is amended to read as follows:

"(4) the impact of receiving services and not receiving services under such programs and activities on the community, businesses, and individuals;"; and

(b) TECHNIQUES.—Section 172(c) (29 U.S.C. 2917(c)) is amended to read as follows:

"(c) TECHNIQUES.—Evaluations conducted under this section shall utilize appropriate and rigorous methodology and research designs, including the use of control groups chosen by scientific random assignment methodologies, quasi-experimental methods, impact analysis and the use of administrative data. The Secretary shall conduct an impact analysis, as described in subsection (a)(4), of the formula grant programs under subtitle B not later than 2010, and thereafter shall conduct such an analysis not less than once every four years.".

SEC. 434. NATIONAL DISLOCATED WORKER GRANTS.

(a) IN GENERAL.—Section 173 (29 U.S.C. 2916) is amended—

(1) by amending the designation and heading to read as follows:

"SEC. 173. NATIONAL DISLOCATED WORKER GRANTS.";

and

(2) in subsection (a)—

(A) by striking "national emergency grants" in the matter preceding paragraph (1) and inserting "national dislocated worker grants"; and

(B) in paragraph (1), by striking "subsection (c)" and inserting "subsection (b)".

(3) by striking subsections (b) and (e) and redesignating subsections (c), (d), (f), and (g) as subsections (b) through (e), respectively;

(4) in subsection (b)(1)(B) as so redesignated), by striking ", and other entities" and all that follows and inserting a period; and

(5) in subsection (b)(2)(A) (as so redesignated)—

(A) in clause (iii), by striking "; or" and inserting a semicolon;

(B) in clause (iv)(IV) by striking the period and inserting "; or"; and

(C) by inserting at the end the following:

"(v) is the spouse of a member of the Armed Forces who is on active duty or full-time National Guard duty, or who was recently separated from such duties, and such spouse is in need of employment and training assistance to obtain or retain employment.".

(b) CONFORMING AMENDMENT.—The table of contents in section 1(b) is amended by amending the item related to section 173 to read as follows:

"Sec. 173. National dislocated worker grants.".

SEC. 435. AUTHORIZATION OF APPROPRIATIONS FOR NATIONAL ACTIVITIES.

(a) IN GENERAL.—Section 174(a)(1) (29 U.S.C. 2919(a)(1)) is amended by striking "1999 through 2003" and inserting "2008 through 2012".

(b) RESERVATIONS.—Section 174(b) is amended to read as follows:

"(b) TECHNICAL ASSISTANCE; DEMONSTRATION AND PILOT PROJECTS; EVALUATIONS; INCENTIVE GRANTS.—

"(1) DEMONSTRATION AND PILOT PROJECTS.—There are authorized to be appropriated to carry out section 171, such sums as may be necessary for fiscal years 2008 through 2012.

"(2) TECHNICAL ASSISTANCE, EVALUATIONS.—There are authorized to be appropriated to carry out section 170, section 172, and section 136 such sums as may be necessary for each of fiscal years 2008 through 2012.".

SEC. 436. REQUIREMENTS AND RESTRICTIONS.

(a) IN GENERAL.—Section 181(c)(2)(A) (29 U.S.C. 2931(c)(2)(A)) is amended in the matter preceding clause (i) by striking "shall" and inserting "may".

(b) LIMITATIONS.—Section 181(e) (29 U.S.C. 2931(e)) is amended by striking "training for" and inserting "the entry into employment, retention in employment, or increases in earnings of".

(c) SALARY CAP.—Section 181 (29 U.S.C. 2931) is further amended by adding at the end the following new subsection:

"(g) SALARY AND BONUS LIMITATION.—No funds provided under this title shall be used by a recipient or subrecipient of such funds to pay the salary and bonuses of an individual, either as direct costs or indirect costs, at a rate in excess of Level II of the Federal Executive Pay Schedule (5 U.S.C. 5313). This limitation shall not apply to vendors providing goods and services as defined in OMB Circular A–133. Where States are recipients of such funds, States may establish a lower limit for salaries and bonuses of those receiving salaries and bonuses from subrecipients of such funds, taking into account factors including the relative cost-of-living in the State, the compensation levels for comparable State or local government employees, and the size of the organizations that administer the programs.".

(d) REPORTS TO CONGRESS.—Section 185 (29 U.S.C. 2935) is amended—

(1) in subsection (c)—

(A) in paragraph (2), by striking "and" after the semicolon;

(B) in paragraph (3), by striking the period and inserting "; and"; and

(C) by adding at the end the following:

"(4) shall have the option to submit or disseminate electronically any reports, records, plans, or any other data that are required to be collected or disseminated under this title."; and

(2) in paragraph (e)(2), by inserting "and the Secretary shall submit to the Committee on Education and Labor of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate," after "Secretary,".

SEC. 437. NONDISCRIMINATION.

Section 188(a)(2) (29 U.S.C. 2931(a)(2)) is amended to read as follows:

"(2) PROHIBITION OF DISCRIMINATION REGARDING PARTICIPATION, BENEFITS, AND EMPLOYMENT.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), no individual shall be excluded from participation in, denied the benefits of, subjected to discrimination under, or denied employment in the administration of or in connection with, any such program or activity because of race, color, religion, sex (except as otherwise permitted under title IX of the Education Amendments of 1972), national origin, age, disability, or political affiliation or belief.

"(B) EXEMPTION FOR RELIGIOUS ORGANIZATIONS.—Subparagraph (A) shall not apply to a recipient of financial assistance under this title that is a religious corporation, association, educational institution, or society, with respect to the employment of individuals of a particular religion to perform work connected with the carrying on by such corporation, association, educational institution, or society of its activities. Such recipients shall comply with the other requirements contained in subparagraph (A).".

SEC. 438. ADMINISTRATIVE PROVISIONS.

(a) PROGRAM YEAR.—Section 189(g)(1) (29 U.S.C. 2939(g)(1)) is amended to read as follows:

"(1) IN GENERAL.—Appropriations for any fiscal year for programs and activities carried out under this title shall be available for obligation only on the basis of a program year. The program year shall begin on July 1 in the fiscal year for which the appropriation is made.".

(b) AVAILABILITY.—Section 189(g)(2) (29 U.S.C. 2939(g)(2)) is amended by striking "each State" and inserting "each recipient".

(c) GENERAL WAIVERS.—Section 189(i)(4) (29 U.S.C. 2939(i)(4)) is amended—

(1) in subparagraph (A)—

(A) in the matter preceding clause (i), by inserting ", or in accordance with subparagraph (D)" after "subparagraph (B)"; and

(B) by striking clause (ii), the clause (i) designation and the dash preceding such designation, and moving the remaining text flush with the preceding matter; and

(2) by adding the following subparagraph:

"(D) EXPEDITED PROCESS FOR EXTENDING APPROVED WAIVERS TO ADDITIONAL STATES.—In lieu of the require-

ments of subparagraphs (B) and (C), the Secretary may establish an expedited procedure for the purpose of extending to additional States the waiver of statutory or regulatory requirements that have been approved for a State pursuant to a request under subparagraph (B). Such procedure shall ensure that the extension of such waivers to additional States are accompanied by appropriate conditions relating the implementation of such waivers.".

SEC. 439. STATE LEGISLATIVE AUTHORITY.

Section 191is amended—

(1) in subsection (a), by striking "consistent with the provisions of this title" and inserting "consistent with State law and the provisions of this title"; and

(2) in subsection (a), by striking "consistent with the terms and conditions required under this title" and inserting "consistent with State law and the terms and conditions required under this title".

SEC. 440. WORKFORCE INNOVATION IN REGIONAL ECONOMIC DEVELOPMENT.

(a) WORKFORCE INNOVATION IN REGIONAL ECONOMIC DEVELOPMENT.—Section 192 (29 U.S.C. 2942) is amended to read as follows:

"SEC. 192. WORKFORCE INNOVATION IN REGIONAL ECONOMIC DEVELOPMENT.

"(a) WORKFORCE INNOVATION IN REGIONAL ECONOMIC DEVELOPMENT PLANS.—

"(1) IN GENERAL.—The Secretary, in cooperation with other federal agency heads responsible for the administration of programs included in plans submitted under this subsection, may approve Workforce Innovation in Regional Economic Development (in this subsection referred to as WIRED) plans submitted by a State pursuant to paragraph (2) to support the development of regional economies in order to foster economic development, expand employment, and advancement opportunities for workers and to promote the creation of high-skill and high-wage opportunities.

"(2) CONTENTS OF PLAN.—To have a WIRED plan approved under this subsection, a State and the region or regions identified in subparagraph (A) shall jointly submit a plan to the Secretary at such time, in such manner, and containing such information as the Secretary may require, including—

"(A) the identification of the multi-county region or regions that is to be the focus of the activities provided under the plan, including identification of the communities in the region that share common characteristics, and a description of why the selected area comprises a regional economy;

"(B) a description of the broad-based regional partnership that has been created for the region identified in subparagraph (A) representing the major assets of the region, consistent with the requirements of paragraph (3), and that will assist in developing the economic vision described in subparagraph (D), the strategies described in subparagraph (E), and provide a forum for regional economic decision-making, including a description of the partnership's

involvement, particularly that of representatives of affected local boards and chief elected officials, in the development of the plan;

"(C) a description of the assets of the region identified in subparagraph (A), based on a regional assessment, and identification of the strengths, weaknesses, opportunities, and risks based on those assets;

"(D) a description of an economic vision for the region identified in subparagraph (A), based on the identified strengths and assets described in subparagraph (C), and evidence of support for that vision from the broad-based regional partnership described in subparagraph (B);

"(E) a description of the talent development and related strategies that provide a blueprint for how to achieve the economic vision for the region as described in subparagraph (D), including the activities to be carried out under this subsection, consistent with paragraphs (5) and (6), and the identification of specific goals associated with those strategies;

"(F) information on the workforce development programs to be integrated in the region, in accordance with the requirements of paragraph (4), into an integrated workforce development program, including—

"(i) identification of the programs to be integrated;

"(ii) the amount and proportion of the resources available to the region under each of the integrated programs to carry out the strategies described in subparagraph (E);

"(iii) a description of how these resources will be used to accomplish the vision identified in subparagraph (D), including the services to be provided and how such services will be provided, consistent with clause (iv) and paragraph (5);

"(iv) assurances that in carrying out the wired plan—

"(I) the region, through the integrated workforce development program, will maintain a local workforce investment board, or a regional workforce investment board, that is substantially similar to the local workforce investment boards required under section 117 of this Act, that such board will carry out functions that are substantially similar to those described under section 117(d), and, that such region shall submit to the State for approval a local plan for the region that is substantially similar to the local plans required under section 118 of this Act;

"(II) the region, through the integrated workforce development program, will maintain a one-stop delivery system that is consistent with the requirements of section 121 of this Act;

"(III) the region, through the integrated workforce development program, will serve populations consistent with the populations served by the programs being integrated, and will provide universal

access to work ready services as described in section 134(d)(2) of this Act;

"(IV) the region, in carrying out the integrated workforce development program, will comply with the veterans' priority of service requirement under section 4215 of title 38, United States Code;

"(V) of the funds expended under the integrated workforce development program each year, not more than 10 percent of such funds will be expended on the costs of administration (as defined by the Secretary);

"(VI) the services provided under the integrated workforce development program will be coordinated with employment-related programs not included under the integrated workforce program;

"(VII) the region, in carrying out the integrated workforce development program, will comply with requirements under this title relating to wage and labor standards (including nondisplacement provisions), grievance procedures and judicial review, and nondiscrimination;

"(G) an assurance that each local workforce board and chief elected official included in the region that will carry out the integrated workforce development plan has approved the plan;

"(H) information on the community and economic development programs, if any, that will provide a portion of funds that will be integrated to carry out the strategies described in subparagraph (E), in accordance with the requirements of paragraph (6), including—

"(i) identification of the included community and economic development programs;

"(ii) the amount and proportion of the resources available to the State under each such program that will be used in the region to carry out the strategies described in subparagraph (E);

"(iii) a description of how these resources will be used to assist in accomplishing the vision identified in subparagraph (D), including the activities to be carried out;

"(I) in addition to the resources described under subparagraphs (F) and (G), identification of other resources that will be used to support the strategies of the region described in subparagraph (E), from a wide range of sources, including foundations, private investment such as venture capital, and federal, state, and local governments.

"(3) BROAD-BASED REGIONAL PARTNERSHIP.—For purposes of this subsection, a broad-based regional partnership—

"(A) shall include—

"(i) representatives from each of the local workforce investment systems in the region identified under paragraph (2)(A), such as the chairpersons or executive directors of affected local workforce investment boards in such region;

"(ii) representatives of the education system in the region identified under paragraph (2)(A), including representatives from each of the following:

"(I) The K–12 public school systems;

"(II) Community colleges; and

"(III) Four-year educational institutions;

"(iii) representatives of businesses and industry associations in the region identified under paragraph (2)(A);

"(iv) the chief elected officials from each of the affected local areas identified under paragraph (2)(A); and

"(v) representatives of local and regional economic development agencies in the region identified under paragraph (2)(A); and

"(B) may include—

"(i) representatives of the philanthropic community;

"(ii) representatives of postsecondary education and training providers in addition to those described in subparagraph (A)(ii);

"(iii) representatives of private investment entities such as seed and venture capital organizations; investor networks; and entrepreneurs;

"(iv) representatives of faith and community-based organizations; and

"(v) representatives of such other Federal, state or local entities and organizations that may enhance the carrying out of the activities of the partnership.

"(4) INTEGRATION OF WORKFORCE DEVELOPMENT SERVICES AUTHORIZED.—

"(A) AUTHORIZATION FOR INTEGRATION.—In carrying out this subsection, the Secretary of Labor, in cooperation with the federal agency heads responsible for the administration of the workforce development programs described in subparagraph (D) that are included in the WIRED plan submitted by the State, shall, upon the approval of the plan submitted under paragraph (2), authorize the State to integrate programs as described in subparagraph (B).

"(B) INTEGRATION.—The authorization shall give the State the authority to integrate, in accordance with such approved plan, the federally-funded programs described in subparagraph (D) that are included in the approved plan, in a manner that integrates those programs into a single, coordinated, comprehensive workforce development program to achieve the economic vision identified in such plan for the region.

"(C) EFFECT ON PROGRAM REQUIREMENTS.—The provisions of the approved grant application and the requirements of this subsection shall supersede the requirements of the statutes authorizing the programs included for integration in such approved plan, except as otherwise specified in this subsection.

"(D) INCLUDED WORKFORCE DEVELOPMENT PROGRAMS.—

"(i) MANDATORY PROGRAMS.—A WIRED plan authorized under this subsection shall include the workforce

investment activities for adults authorized under chapter 5 of subtitle B.

"(ii) ADDITIONAL PROGRAMS.—In addition to the integration of the programs described in clause (i) into a single program, a WIRED plan may include integration of one or more of the following programs as part of such single program—

"(I) the program of workforce investment activities for youth authorized under chapter 4 of subtitle B; or

"(II) any of the other required one-stop partner programs and activities described in section 121(b)(1)(B) of this Act.

"(5) WORKFORCE DEVELOPMENT ACTIVITIES TO BE CARRIED OUT UNDER WIRED PLAN.—The workforce development activities carried out under a WIRED plan may include—

"(A) job training and related activities for workers to assist them in gaining the skills and competencies needed to obtain or upgrade employment in industries or economic sectors projected to experience significant growth in the region identified in paragraph (2)(A), including—

"(i) activities supporting talent development related to entrepreneurship and small business development; and

"(ii) the purchase of equipment to train job seekers and workers for high-growth occupations;

"(B) activities to enhance the training and related activities described in subparagraph (A) and to promote workforce development in the region identified in paragraph (2)(A), including—

"(i) the development and implementation of model activities, such as developing appropriate curricula to build core competencies and train workers in the region;

"(ii) identifying and disseminating career and skill information relating to the region;

"(iii) developing or purchasing regional data tools or systems to deepen understanding of the regional economy and labor market; and

"(iv) integrated regional planning, such as increasing the integration of community and technical college activities with activities of businesses and the public workforce investment system to meet the training needs of high growth industries in the region.

"(C) appropriate employment-related activities and services authorized under the workforce development programs that are integrated under the plan in accordance with paragraphs (2)(F) and (4) that will assist achieving the economic vision described in paragraph (2)(D) and in implementing the strategies described in paragraph (2)(E).

"(6) INTEGRATION OF COMMUNITY AND ECONOMIC DEVELOPMENT FUNDS AUTHORIZED.—

"(A) AUTHORIZATION FOR INTEGRATION OF FUNDS.—In carrying out this subsection, the Secretary of Labor, in cooperation with the federal agency heads responsible for the

administration of the community and economic development programs described in subparagraph (D) that are included in the WIRED plan submitted by the State, shall, upon the approval of the plan submitted under paragraph (2), authorize the State to integrate the portion of the funds from such programs to assist in implementing such plans.

"(B) INTEGRATION.—The authorization shall give the State the authority to integrate, in accordance with such approved plan, funds provided under programs identified from subparagraph (D) to carry out the community and economic development activities described in paragraph (2)(G).

"(C) EFFECT ON PROGRAM REQUIREMENTS.—The integrated funds may be used, consistent with the description contained in paragraph (2)(G), to carry out any of the activities authorized under any the programs described in subparagraph (D) that are included in the plan.

"(D) INCLUDED COMMUNITY AND ECONOMIC DEVELOPMENT PROGRAMS.—The funds that may be integrated under this paragraph are funds provided under—

"(i) Community Development Block Grants authorized under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301–5321);

"(ii) grants authorized under the Community Services Block Grant Act (42 U.S.C. 9901 et seq.);

"(iii) Public Works and Economic Development Grants authorized under section 201 of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3141);

"(iv) Rural Business Enterprise Grants authorized under the Consolidated Farm and Rural Development Act (7 U.S.C. 1932);

"(v) Rural Business Opportunity Grants authorized under section 741(a)(11) of the Federal Agriculture Improvement and Reform Act of 1996 (42 U.S.C. 1926(a)(11);

"(vi) grants authorized under the Brownfields Economic Development Initiative; and

"(vii) Rural Housing and Economic Development grants.

"(7) SPECIAL RULE.—If a State elects not to submit a WIRED plan described in paragraph (2) for approval or does not have a plan approved under paragraph (2), the Secretary may approve a WIRED plan submitted by a local workforce investment board or a regional workforce investment board that serves a region within such State, if the plan meets all other requirements of this section.

"(8) PERFORMANCE MEASURES AND REPORTING.—

"(A) PERFORMANCE MEASURES.—The Secretary shall establish performance measures that will be used to evaluate the effectiveness of activities carried out under this subsection and shall require such entities to report to the Secretary on the employment outcomes obtained by individuals receiving training under this subsection using those

core indicators of performance described in section 136(b)(2).

"(B) REPORTING.—Each State with an approved plan under this subsection shall ensure that records are maintained and reports are submitted, in such form and containing such information, as the Secretary may require regarding the performance of programs and activities carried out under this subsection.

"(9) TECHNICAL ASSISTANCE AND EVALUATION.—

"(A) TECHNICAL ASSISTANCE.—The Secretary shall provide such staff training, technical assistance, and other activities as the Secretary deems appropriate to support the implementation of this subsection.

"(B) EVALUATION.—The Secretary may require that States with an approved plan under this subsection to participate in an evaluation of activities carried out under this subsection, including an evaluation using the techniques described in section 172(c).

"(10) PLAN REVIEW.—Upon receipt of a WIRED plan from the Governor, the Secretary shall consult with the Federal agency head responsible for the administration of any of the programs included in the plan pursuant to paragraph (4) or (6).

"(11) FEDERAL RESPONSIBILITIES.—

"(A) INTERAGENCY MEMORANDUM OF UNDERSTANDING.—Within 90 days following the date of enactment of this subsection, the Secretary and the federal agency heads responsible for programs that could be included in a plan approved under this subsection pursuant to paragraph (4) or (6) shall enter into an interdepartmental memorandum of agreement providing for the implementation of WIRED plans with respect to the integration of programs and funds administered by each Secretary.

"(B) INTERAGENCY FUNDS TRANSFERS AUTHORIZED.—The Secretary and the federal agency heads responsible for the programs that are included in a plan approved under paragraph (4) or (6) are authorized to take such action as may be necessary to provide for intra-agency or interagency transfers of funds otherwise available to a State in order to further the purposes of this subsection.

"(12) ADMINISTRATION OF FUNDS.—

"(A) SEPARATE RECORDS NOT REQUIRED.—Nothing in this subsection shall be construed as requiring the region to maintain separate records tracing any services or activities conducted under an approved WIRED plan to the programs under which funds were originally authorized, nor shall the State be required to allocate expenditures among such programs.

"(B) SINGLE AUDIT ACT.—Nothing in this section shall be construed to interfere with the ability of the Secretary to fulfill the responsibilities for the safeguarding of Federal funds pursuant to the Single Audit Act of 1984.

"(b) AUTHORITY TO CARRY OUT ADDITIONAL WIRED ACTIVITIES UNDER WIA.—

"(1) AUTHORIZATION FOR USE OF CERTAIN FUNDS UNDER WIA.—Funds available under sections 128(a), 133(a), 171, and

173 of this Act may be used by recipients and subrecipients of those funds for WIRED activities, as defined in paragraph (2), in addition to the other activities for which such funds are authorized to be used.

"(2) DEFINITION.—For purposes of this subsection, WIRED activities include—

"(A) WIRED planning activities, including—

"(i) defining the regional economy;

"(ii) creating a broad-based regional partnership that assists in developing the economic vision described in clause (iv), the strategies described in clause (v), and that provides a forum for regional economic decision-making;

"(iii) conducting an assessment of the regional economy to map the assets of a region and identify the strengths, weaknesses, opportunities and risks based on those assets;

"(iv) developing an economic vision based on those strengths and assets;

"(v) developing strategies and corresponding implementation plans that identify specific goals and tasks and provides a blueprint for how to achieve the economic vision for the region; and

"(vi) identifying resources to support the plan of the region;

"(B) job training and related activities for workers to assist them in gaining the skills and competencies needed to obtain or upgrade employment in industries or economic sectors projected to experience significant growth in the region, including—

"(i) activities supporting talent development related to entrepreneurship and small business development in the region; and

"(ii) the purchase of equipment to train job seekers and workers for high-growth occupations in the region; and

"(C) activities to enhance training and related activities and to promote workforce development in the region, including—

"(i) the development and implementation of model activities, such as developing appropriate curricula to build core competencies and train workers in the region;

"(ii) identifying and disseminating career and skill information relating to the region;

"(iii) developing or purchasing regional data tools or systems to deepen understanding of the regional economy and labor market; and

"(iv) integrated regional planning, such as increasing the integration of community and technical college activities with activities of businesses and the public workforce investment system to meet the training needs of businesses in the region.".

SEC. 441. GENERAL PROGRAM REQUIREMENTS.

Section 195 (29 U.S.C. 2945) is amended—

(1) in paragraph (7) by inserting at the end the following:

"(D) Funds received by a public or private nonprofit entity that are not described in paragraph (B), such as funds privately raised from philanthropic foundations, businesses, or other private entities, shall not be considered to be income under this title and shall not be subject to the requirements of this section.";

(2) by adding at the end the following new paragraphs:

"(14) Funds provided under this title shall not be used to establish or operate stand-alone fee-for-service enterprises that compete with private sector employment agencies within the meaning of section 701(c) of the Civil Rights Act of 1964 (42 U.S.C. 2000e(c)). For purposes of this paragraph, such an enterprise does not include one-stop centers.

"(15) Any report required to be submitted to Congress, or to a Committee of Congress, under this title shall be submitted to both the chairmen and ranking minority members of the Committee on Education and Labor of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate.".

Subtitle B—Adult Education, Basic Skills, and Family Literacy Education

SEC. 451. TABLE OF CONTENTS.

The table of contents in section 1(b) is amended by amending the items relating to title II to read as follows:

SEC. 452. AMENDMENT.

Title II (29 U.S.C. 2901 et seq.) is amended to read as follows:

"TITLE II—ADULT EDUCATION, BASIC SKILLS, AND FAMILY LITERACY EDUCATION

"SEC. 201. SHORT TITLE.

"This title may be cited as the 'Adult Education, Basic Skills, and Family Literacy Education Act'.

"SEC. 202. PURPOSE.

"It is the purpose of this title to provide instructional opportunities for adults seeking to improve their literacy skills, including their basic reading, writing, speaking, and math skills, and support States and local communities in providing, on a voluntary basis, adult education, basic skills, and family literacy education programs, in order to—

"(1) increase the literacy of adults, including the basic reading, writing, speaking, and math skills, to a level of proficiency necessary for adults to obtain employment and self-sufficiency and to successfully advance in the workforce;

"(2) assist adults in the completion of a secondary school education (or its equivalent) and the transition to a postsecondary educational institution;

"(3) assist adults who are parents to enable them to support the educational development of their children and make informed choices regarding their children's education including, through instruction in basic reading, writing, speaking, and math skills; and

"(4) assist immigrants who are not proficient in English in improving their reading, writing, speaking, and math skills and acquiring an understanding of the American free enterprise system, individual freedom, and the responsibilities of citizenship.

"SEC. 203. DEFINITIONS.

"In this title:

"(1) ADULT EDUCATION, BASIC SKILLS, AND FAMILY LITERACY EDUCATION PROGRAMS.—The term 'adult education, basic skills, and family literacy education programs' means a sequence of academic instruction and educational services below the postsecondary level that increase an individual's ability to read, write, and speak in English and perform mathematical computations leading to a level of proficiency equivalent to at least a secondary school completion that is provided for individuals—

"(A) who are at least 16 years of age;

"(B) who are not enrolled or required to be enrolled in secondary school under State law; and

"(C) who—

"(i) lack sufficient mastery of basic reading, writing, speaking, and math skills to enable the individuals to function effectively in society;

"(ii) do not have a secondary school diploma, General Educational Development credential (GED), or other State-recognized equivalent and have not achieved an equivalent level of education; or

"(iii) are unable to read, write, or speak the English language.

"(2) ELIGIBLE AGENCY.—The term 'eligible agency'—

"(A) means the primary entity or agency in a State or an outlying area responsible for administering or supervising policy for adult education, basic skills, and family literacy education programs in the State or outlying area, respectively, consistent with the law of the State or outlying area, respectively; and

"(B) may be the State educational agency, the State agency responsible for administering workforce investment activities, or the State agency responsible for administering community or technical colleges.

"(3) ELIGIBLE PROVIDER.—The term 'eligible provider' means—

"(A) a local educational agency;

"(B) a community-based or faith-based organization of demonstrated effectiveness;

"(C) a volunteer literacy organization of demonstrated effectiveness;

"(D) an institution of higher education;

"(E) a public or private educational agency;

"(F) a library;

"(G) a public housing authority;

"(H) an institution that is not described in any of subparagraphs (A) through (G) and has the ability to provide adult education, basic skills, and family literacy education programs to adults and families; or

"(I) a consortium of the agencies, organizations, institutions, libraries, or authorities described in any of subparagraphs (A) through (H).

"(4) ENGLISH LANGUAGE ACQUISITION PROGRAM.—The term 'English language acquisition program' means a program of instruction designed to help individuals with limited English proficiency achieve competence in reading, writing, and speaking the English language.

"(5) ESSENTIAL COMPONENTS OF READING INSTRUCTION.—The term 'essential components of reading instruction' has the meaning given to that term in section 1208 of the Elementary and Secondary Education Act of 1965.

"(6) FAMILY LITERACY EDUCATION PROGRAM.—The term 'family literacy education program' means an educational program that—

"(A) assists parents and students, on a voluntary basis, in achieving the purposes of this title as described in section 202; and

"(B) is of sufficient intensity in terms of hours and of sufficient duration to make sustainable changes in a family, is based upon scientifically based research, and, for the purpose of substantially increasing the ability of parents

and children to read, write, and speak English, integrates—

"(i) interactive literacy activities between parents and their children;

"(ii) training for parents regarding how to be the primary teacher for their children and full partners in the education of their children;

"(iii) parent literacy training that leads to economic self-sufficiency; and

"(iv) an age-appropriate education to prepare children for success in school and life experiences.

"(7) GOVERNOR.—The term 'Governor' means the chief executive officer of a State or outlying area.

"(8) INDIVIDUAL WITH A DISABILITY.—

"(A) IN GENERAL.—The term 'individual with a disability' means an individual with any disability (as defined in section 3 of the Americans with Disabilities Act of 1990).

"(B) INDIVIDUALS WITH DISABILITIES.—The term 'individuals with disabilities' means more than one individual with a disability.

"(9) INDIVIDUAL WITH LIMITED ENGLISH PROFICIENCY.—The term 'individual with limited English proficiency' means an adult or out-of-school youth who has limited ability in reading, writing, speaking, or understanding the English language, and—

"(A) whose native language is a language other than English; or

"(B) who lives in a family or community environment where a language other than English is the dominant language.

"(10) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' has the meaning given to that term in section 101 of the Higher Education Act of 1965.

"(11) LITERACY.—The term 'literacy' means an individual's ability to read, write, and speak in English, compute, and solve problems at a level of proficiency necessary to obtain employment and to successfully make the transition to postsecondary education.

"(12) LOCAL EDUCATIONAL AGENCY.—The term 'local educational agency' has the meaning given to that term in section 9101 of the Elementary and Secondary Education Act of 1965.

"(13) OUTLYING AREA.—The term 'outlying area' has the meaning given to that term in section 101 of this Act.

"(14) POSTSECONDARY EDUCATIONAL INSTITUTION.—The term 'postsecondary educational institution' means—

"(A) an institution of higher education that provides not less than a 2-year program of instruction that is acceptable for credit toward a bachelor's degree;

"(B) a tribally controlled community college; or

"(C) a nonprofit educational institution offering certificate or apprenticeship programs at the postsecondary level.

"(15) READING.—The term 'reading' has the meaning given to that term in section 1208 of the Elementary and Secondary Education Act of 1965.

"(16) SCIENTIFICALLY BASED RESEARCH.—The term 'scientifically based research' has the meaning given to that term in section 9101 of the Elementary and Secondary Education Act of 1965.

"(17) SECRETARY.—The term 'Secretary' means the Secretary of Education.

"(18) STATE.—The term 'State' means each of the several States of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.

"(19) STATE EDUCATIONAL AGENCY.—The term 'State educational agency' has the meaning given to that term in section 9101 of the Elementary and Secondary Education Act of 1965.

"(20) WORKPLACE LITERACY PROGRAM.—The term 'workplace literacy program' means an educational program that is offered in collaboration between eligible providers and employers or employee organizations for the purpose of improving the productivity of the workforce through the improvement of reading, writing, speaking, and math skills.

"SEC. 204. HOME SCHOOLS.

"Nothing in this title shall be construed to affect home schools, whether or not a home school is treated as a home school or a private school under State law, or to compel a parent engaged in home schooling to participate in an English language acquisition program, a family literacy education program, or an adult education, basic skills, and family literacy education program.

"SEC. 205. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this title $590,127,000 for fiscal year 2008 and such sums as may be necessary for fiscal years 2009 through 2012.

"CHAPTER 1—FEDERAL PROVISIONS

"SEC. 211. RESERVATION OF FUNDS; GRANTS TO ELIGIBLE AGENCIES; ALLOTMENTS.

"(a) RESERVATION OF FUNDS.—From the sums appropriated under section 205 for a fiscal year, the Secretary—

"(1) shall reserve up to 1.72 percent for incentive grants under section 213;

"(2) shall reserve 1.75 percent to carry out section 242; and

"(3) shall reserve up to 1.55 percent to carry out section 243.

"(b) GRANTS TO ELIGIBLE AGENCIES.—

"(1) IN GENERAL.—From the sums appropriated under section 205 and not reserved under subsection (a) for a fiscal year, the Secretary shall award a grant to each eligible agency having a State plan approved under section 224 in an amount equal to the sum of the initial allotment under subsection (c)(1) and the additional allotment under subsection (c)(2) for the eligible agency for the fiscal year, subject to subsections (f) and (g).

"(2) PURPOSE OF GRANTS.—The Secretary may award a grant under paragraph (1) only if the eligible agency involved agrees to expend the grant in accordance with the provisions of this title.

"(c) ALLOTMENTS.—

"(1) INITIAL ALLOTMENTS.—From the sums appropriated under section 205 and not reserved under subsection (a) for a

fiscal year, the Secretary shall allot to each eligible agency having a State plan approved under section 224—

"(A) $100,000, in the case of an eligible agency serving an outlying area; and

"(B) $250,000, in the case of any other eligible agency.

"(2) ADDITIONAL ALLOTMENTS.—From the sums appropriated under section 205, not reserved under subsection (a), and not allotted under paragraph (1), for a fiscal year, the Secretary shall allot to each eligible agency that receives an initial allotment under paragraph (1) an additional amount that bears the same relationship to such sums as the number of qualifying adults in the State or outlying area served by the eligible agency bears to the number of such adults in all States and outlying areas.

"(d) QUALIFYING ADULT.—For the purpose of subsection (c)(2), the term 'qualifying adult' means an adult who—

"(1) is at least 16 years of age;

"(2) is beyond the age of compulsory school attendance under the law of the State or outlying area;

"(3) does not have a secondary school diploma, General Educational Development credential (GED), or other State-recognized equivalent; and

"(4) is not enrolled in secondary school.

"(e) SPECIAL RULE.—

"(1) IN GENERAL.—From amounts made available under subsection (c) for the Republic of Palau, the Secretary shall award grants to Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, or the Republic of Palau to carry out activities described in this title in accordance with the provisions of this title as determined by the Secretary.

"(2) TERMINATION OF ELIGIBILITY.—Notwithstanding any other provision of law, the Republic of Palau shall be eligible to receive a grant under this title until an agreement for the extension of United States education assistance under the Compact of Free Association for the Republic of Palau becomes effective.

"(3) ADMINISTRATIVE COSTS.—The Secretary may provide not more than 5 percent of the funds made available for grants under this subsection to pay the administrative costs of the Pacific Region Educational Laboratory regarding activities assisted under this subsection.

"(f) HOLD-HARMLESS PROVISIONS.—

"(1) IN GENERAL.—Notwithstanding subsection (c), and subject to paragraphs (2) and (3), for fiscal year 2008 and each succeeding fiscal year, no eligible agency shall receive an allotment under this title that is less than 90 percent of the allotment the eligible agency received for the preceding fiscal year under this title.

"(2) EXCEPTION.—An eligible agency that receives for the preceding fiscal year only an initial allotment under subsection (c)(1) (and no additional allotment under subsection (c)(2)) shall receive an allotment equal to 100 percent of the initial allotment.

"(3) RATABLE REDUCTION.—If for any fiscal year the amount available for allotment under this title is insufficient to satisfy

the provisions of paragraph (1), the Secretary shall ratably reduce the payments to all eligible agencies, as necessary.

"(g) REALLOTMENT.—The portion of any eligible agency's allotment under this title for a fiscal year that the Secretary determines will not be required for the period such allotment is available for carrying out activities under this title, shall be available for reallotment from time to time, on such dates during such period as the Secretary shall fix, to other eligible agencies in proportion to the original allotments to such agencies under this title for such year.

"SEC. 212. PERFORMANCE ACCOUNTABILITY SYSTEM.

"(a) PURPOSE.—The purpose of this section is to establish a comprehensive performance accountability system, composed of the activities described in this section, to assess the effectiveness of eligible agencies in achieving continuous improvement of adult education, basic skills, and family literacy education programs funded under this title, in order to optimize the return on investment of Federal funds in adult education, basic skills, and family literacy education programs.

"(b) ELIGIBLE AGENCY PERFORMANCE MEASURES.—

"(1) IN GENERAL.—For each eligible agency, the eligible agency performance measures shall consist of—

"(A)(i) the core indicators of performance described in paragraph (2)(A); and

"(ii) employment performance indicators identified by the eligible agency under paragraph (2)(B); and

"(B) an eligible agency adjusted level of performance for each indicator described in subparagraph (A).

"(2) INDICATORS OF PERFORMANCE.—

"(A) CORE INDICATORS OF PERFORMANCE.—The core indicators of performance shall include the following:

"(i) Measurable improvements in literacy, including basic skill levels in reading, writing, and speaking the English language and basic math, leading to proficiency in each skill.

"(ii) Receipt of a secondary school diploma, General Educational Development credential (GED), or other State-recognized equivalent.

"(iii) Placement in postsecondary education or other training programs.

"(B) EMPLOYMENT PERFORMANCE INDICATORS.—Consistent with applicable Federal and State privacy laws, an eligible agency shall identify in the State plan the following individual participant employment performance indicators:

"(i) Entry into employment.

"(ii) Retention in employment.

"(iii) Increase in earnings.

"(3) LEVELS OF PERFORMANCE.—

"(A) ELIGIBLE AGENCY ADJUSTED LEVELS OF PERFORMANCE FOR CORE INDICATORS.—

"(i) IN GENERAL.—For each eligible agency submitting a State plan, there shall be established, in accordance with this subparagraph, levels of performance for each of the core indicators of performance described in

paragraph (2)(A) for adult education, basic skills, and family literacy education programs authorized under this title. The levels of performance established under this subparagraph shall, at a minimum—

"(I) be expressed in an objective, quantifiable, and measurable form; and

"(II) show the progress of the eligible agency toward continuously and significantly improving the agency's performance outcomes in an objective, quantifiable, and measurable form.

"(ii) IDENTIFICATION IN STATE PLAN.—Each eligible agency shall identify, in the State plan submitted under section 224, expected levels of performance for each of the core indicators of performance for the first 3 program years covered by the State plan.

"(iii) AGREEMENT ON ELIGIBLE AGENCY ADJUSTED LEVELS OF PERFORMANCE FOR FIRST 3 YEARS.—In order to ensure an optimal return on the investment of Federal funds in adult education, basic skills, and family literacy education programs authorized under this title, the Secretary and each eligible agency shall reach agreement on levels of student performance for each of the core indicators of performance, for the first 3 program years covered by the State plan, taking into account the levels identified in the State plan under clause (ii) and the factors described in clause (iv). The levels agreed to under this clause shall be considered to be the eligible agency adjusted levels of performance for the eligible agency for such years and shall be incorporated into the State plan prior to the approval of such plan.

"(iv) FACTORS.—The agreement described in clause (iii) or (v) shall take into account—

"(I) how the levels involved compare with the eligible agency's adjusted levels of performance, taking into account factors including the characteristics of participants when the participants entered the program; and

"(II) the extent to which such levels promote continuous and significant improvement in performance on the student proficiency measures used by such eligible agency and ensure optimal return on the investment of Federal funds.

"(v) AGREEMENT ON ELIGIBLE AGENCY ADJUSTED LEVELS OF PERFORMANCE FOR SECOND 3 YEARS.—Prior to the fourth program year covered by the State plan, the Secretary and each eligible agency shall reach agreement on levels of student performance for each of the core indicators of performance for the fourth, fifth, and sixth program years covered by the State plan, taking into account the factors described in clause (iv). The levels agreed to under this clause shall be considered to be the eligible agency adjusted levels of performance for the eligible agency for such years and shall be incorporated into the State plan.

"(vi) REVISIONS.—If unanticipated circumstances arise in a State resulting in a significant change in the factors described in clause (iv)(I), the eligible agency may request that the eligible agency adjusted levels of performance agreed to under clause (iii) or (v) be revised.

"(B) LEVELS OF EMPLOYMENT PERFORMANCE.—The eligible agency shall identify, in the State plan, eligible agency levels of performance for each of the employment performance indicators described in paragraph (2)(B). Such levels shall be considered to be eligible agency adjusted levels of performance for purposes of this title.

"(c) DEFINITIONS FOR INDICATORS OF PERFOMANCE.—In order to ensure comparability of performance data across States, the Secretary shall issue definitions for the indicators of performance under paragraph (2).

"(d) REPORT.—

"(1) IN GENERAL.—Each eligible agency that receives a grant under section 211(b) shall annually prepare and submit to the Secretary, the Governor, the State legislature, and eligible providers a report on the progress of the eligible agency in achieving eligible agency performance measures, including the following:

"(A) Information on the levels of performance achieved by the eligible agency with respect to the core indicators of performance and employment performance indicators.

"(B) The number and type of each eligible provider that receives funding under such grant.

"(2) INFORMATION DISSEMINATION.—The Secretary—

"(A) shall make the information contained in such reports available to the general public through publication (including on the Internet site of the Department of Education) and other appropriate methods;

"(B) shall disseminate State-by-State comparisons of the information; and

"(C) shall provide the appropriate committees of the Congress with copies of such reports.

"SEC. 213. INCENTIVE GRANTS FOR STATES.

"(a) IN GENERAL.—From funds appropriated under section 211(a)(1), the Secretary may award grants to States for exemplary performance in carrying out programs under this title. Such awards shall be based on States exceeding the core indicators of performance established under section 212(b)(2)(A) and may be based on the performance of the State in serving populations, such as those described in section 224(b)(10), including the levels of service provided and the performance outcomes, and such other factors relating to the performance of the State under this title as the Secretary determines appropriate.

"(b) USE OF FUNDS.—The funds awarded to a State under this paragraph may be used to carry out any activities authorized under this title, including demonstrations and innovative programs for hard-to-serve populations.

"CHAPTER 2—STATE PROVISIONS

"SEC. 221. STATE ADMINISTRATION.

"Each eligible agency shall be responsible for the following activities under this title:

"(1) The development, submission, implementation, and monitoring of the State plan.

"(2) Consultation with other appropriate agencies, groups, and individuals that are involved in, or interested in, the development and implementation of activities assisted under this title.

"(3) Coordination and avoidance of duplication with other Federal and State education, training, corrections, public housing, and social service programs.

"SEC. 222. STATE DISTRIBUTION OF FUNDS; MATCHING REQUIREMENT.

"(a) STATE DISTRIBUTION OF FUNDS.—Each eligible agency receiving a grant under this title for a fiscal year—

"(1) shall use an amount not less than 82.5 percent of the grant funds to award grants and contracts under section 231 and to carry out section 225, of which not more than 10 percent of such amount shall be available to carry out section 225;

"(2) shall use not more than 12.5 percent of the grant funds to carry out State leadership activities under section 223; and

"(3) shall use not more than 5 percent of the grant funds, or $75,000, whichever is greater, for the administrative expenses of the eligible agency.

"(b) MATCHING REQUIREMENT.—

"(1) IN GENERAL.—In order to receive a grant from the Secretary under section 211(b), each eligible agency shall provide, for the costs to be incurred by the eligible agency in carrying out the adult education, basic skills, and family literacy education programs for which the grant is awarded, a non-Federal contribution in an amount at least equal to—

"(A) in the case of an eligible agency serving an outlying area, 12 percent of the total amount of funds expended for adult education, basic skills, and family literacy education programs in the outlying area, except that the Secretary may decrease the amount of funds required under this subparagraph for an eligible agency; and

"(B) in the case of an eligible agency serving a State, 25 percent of the total amount of funds expended for adult education, basic skills, and family literacy education programs in the State.

"(2) NON-FEDERAL CONTRIBUTION.—An eligible agency's non-Federal contribution required under paragraph (1) may be provided in cash or in kind, fairly evaluated, and shall include only non-Federal funds that are used for adult education, basic skills, and family literacy education programs in a manner that is consistent with the purpose of this title.

"SEC. 223. STATE LEADERSHIP ACTIVITIES.

"(a) IN GENERAL.—Each eligible agency may use funds made available under section 222(a)(2) for any of the following adult education, basic skills, and family literacy education programs:

"(1) The establishment or operation of professional development programs to improve the quality of instruction provided pursuant to local activities required under section 231(b), including instruction incorporating the essential components of reading instruction and instruction provided by volunteers or by personnel of a State or outlying area.

"(2) The provision of technical assistance to eligible providers of adult education, basic skills, and family literacy education programs, including for the development and dissemination of scientifically based research instructional practices in reading, writing, speaking, math, and English language acquisition programs.

"(3) The provision of assistance to eligible providers in developing, implementing, and reporting measurable progress in achieving the objectives of this title.

"(4) The provision of technology assistance, including staff training, to eligible providers of adult education, basic skills, and family literacy education programs, including distance learning activities, to enable the eligible providers to improve the quality of such activities.

"(5) The development and implementation of technology applications or distance learning, including professional development to support the use of instructional technology.

"(6) Coordination with other public programs, including welfare-to-work, workforce development, and job training programs.

"(7) Coordination with existing support services, such as transportation, child care, and other assistance designed to increase rates of enrollment in, and successful completion of, adult education, basic skills, and family literacy education programs, for adults enrolled in such activities.

"(8) The development and implementation of a system to assist in the transition from adult basic education to postsecondary education.

"(9) Activities to promote workplace literacy programs.

"(10) Activities to promote and complement local outreach initiatives described in section 243(7).

"(11) Other activities of statewide significance, including assisting eligible providers in achieving progress in improving the skill levels of adults who participate in programs under this title.

"(12) Integration of literacy, instructional, and occupational skill training and promotion of linkages with employees.

"(b) COORDINATION.—In carrying out this section, eligible agencies shall coordinate where possible, and avoid duplicating efforts, in order to maximize the impact of the activities described in subsection (a).

"(c) STATE-IMPOSED REQUIREMENTS.—Whenever a State or outlying area implements any rule or policy relating to the administration or operation of a program authorized under this title that has the effect of imposing a requirement that is not imposed under Federal law (including any rule or policy based on a State or outlying area interpretation of a Federal statute, regulation, or guideline), the State or outlying area shall identify, to eligible providers, the rule or policy as being imposed by the State or outlying area.

"SEC. 224. STATE PLAN.

"(a) 6-YEAR PLANS.—

"(1) IN GENERAL.—Each eligible agency desiring a grant under this title for any fiscal year shall submit to, or have on file with, the Secretary a 6-year State plan.

"(2) COMPREHENSIVE PLAN OR APPLICATION.—The eligible agency may submit the State plan as part of a comprehensive plan or application for Federal education assistance.

"(b) PLAN CONTENTS.—The eligible agency shall include in the State plan or any revisions to the State plan—

"(1) an objective assessment of the needs of individuals in the State or outlying area for adult education, basic skills, and family literacy education programs, including individuals most in need or hardest to serve;

"(2) a description of the adult education, basic skills, and family literacy education programs that will be carried out with funds received under this title;

"(3) a description of how the eligible agency will evaluate and measure annually the effectiveness and improvement of the adult education, basic skills, and family literacy education programs based on the performance measures described in section 212 including—

"(A) how the eligible agency will evaluate and measure annually such effectiveness on a grant-by-grant basis; and

"(B) how the eligible agency—

"(i) will hold eligible providers accountable regarding the progress of such providers in improving the academic achievement of participants in adult education programs under this title and regarding the core indicators of performance described in section 212(b)(2)(A); and

"(ii) will use technical assistance, sanctions, and rewards (including allocation of grant funds based on performance and termination of grant funds based on nonperformance);

"(4) a description of the performance measures described in section 212 and how such performance measures have significantly improved adult education, basic skills, and family literacy education programs in the State or outlying area;

"(5) an assurance that the eligible agency will, in addition to meeting all of the other requirements of this title, award not less than one grant under this title to an eligible provider that—

"(A) offers flexible schedules and necessary support services (such as child care and transportation) to enable individuals, including individuals with disabilities, or individuals with other special needs, to participate in adult education, basic skills, and family literacy education programs; and

"(B) attempts to coordinate with support services that are not provided under this title prior to using funds for adult education, basic skills, and family literacy education programs provided under this title for support services;

"(6) an assurance that the funds received under this title will not be expended for any purpose other than for activities under this title;

"(7) a description of how the eligible agency will fund local activities in accordance with the measurable goals described in section 231(d);

"(8) an assurance that the eligible agency will expend the funds under this title only in a manner consistent with fiscal requirements in section 241;

"(9) a description of the process that will be used for public participation and comment with respect to the State plan, which process—

"(A) shall include consultation with the State workforce investment board, the State board responsible for administering community or technical colleges, the Governor, the State educational agency, the State board or agency responsible for administering block grants for temporary assistance to needy families under title IV of the Social Security Act, the State council on disabilities, the State vocational rehabilitation agency, other State agencies that promote the improvement of adult education, basic skills, and family literacy education programs, and direct providers of such programs; and

"(B) may include consultation with the State agency on higher education, institutions responsible for professional development of adult education, basic skills, and family literacy education programs instructors, representatives of business and industry, refugee assistance programs, and faith-based organizations;

"(10) a description of the eligible agency's strategies for serving populations that include, at a minimum—

"(A) low-income individuals;

"(B) individuals with disabilities;

"(C) the unemployed;

"(D) the underemployed; and

"(E) individuals with multiple barriers to educational enhancement, including individuals with limited English proficiency;

"(11) a description of how the adult education, basic skills, and family literacy education programs that will be carried out with any funds received under this title will be integrated with other adult education, career development, and employment and training activities in the State or outlying area served by the eligible agency;

"(12) a description of the steps the eligible agency will take to ensure direct and equitable access, as required in section 231(c)(1), including—

"(A) how the State will build the capacity of community-based and faith-based organizations to provide adult education, basic skills, and family literacy education programs; and

"(B) how the State will increase the participation of business and industry in adult education, basic skills, and family literacy education programs;

"(13) an assessment of the adequacy of the system of the State or outlying area to ensure teacher quality and a description of how the State or outlying area will use funds received under this subtitle to improve teacher quality, including professional development on the use of scientifically based research to improve instruction; and

"(14) a description of how the eligible agency will consult with any State agency responsible for postsecondary education to develop adult education that prepares students to enter postsecondary education without the need for remediation upon completion of secondary school equivalency programs.

"(c) PLAN REVISIONS.—When changes in conditions or other factors require substantial revisions to an approved State plan, the eligible agency shall submit the revisions of the State plan to the Secretary.

"(d) CONSULTATION.—The eligible agency shall—

"(1) submit the State plan, and any revisions to the State plan, to the Governor, the chief State school officer, or the State officer responsible for administering community or technical colleges, or outlying area for review and comment; and

"(2) ensure that any comments regarding the State plan by the Governor, the chief State school officer, or the State officer responsible for administering community or technical colleges, and any revision to the State plan, are submitted to the Secretary.

"(e) PLAN APPROVAL.—A State plan submitted to the Secretary shall be approved by the Secretary only if the plan is consistent with the specific provisions of this title.

"SEC. 225. PROGRAMS FOR CORRECTIONS EDUCATION AND OTHER INSTITUTIONALIZED INDIVIDUALS.

"(a) PROGRAM AUTHORIZED.—From funds made available under section 222(a)(1) for a fiscal year, each eligible agency shall carry out corrections education and education for other institutionalized individuals.

"(b) USES OF FUNDS.—The funds described in subsection (a) shall be used for the cost of educational programs for criminal offenders in correctional institutions and for other institutionalized individuals, including academic programs for—

"(1) basic skills education;

"(2) special education programs as determined by the eligible agency;

"(3) reading, writing, speaking, and math programs; and

"(4) secondary school credit or diploma programs or their recognized equivalent.

"(c) PRIORITY.—Each eligible agency that is using assistance provided under this section to carry out a program for criminal offenders within a correctional institution shall give priority to serving individuals who are likely to leave the correctional institution within 5 years of participation in the program.

"(d) DEFINITIONS.—For purposes of this section:

"(1) CORRECTIONAL INSTITUTION.—The term 'correctional institution' means any—

"(A) prison;

"(B) jail;

"(C) reformatory;

"(D) work farm;
"(E) detention center; or
"(F) halfway house, community-based rehabilitation center, or any other similar institution designed for the confinement or rehabilitation of criminal offenders.

"(2) CRIMINAL OFFENDER.—The term 'criminal offender' means any individual who is charged with, or convicted of, any criminal offense.

"CHAPTER 3—LOCAL PROVISIONS

"SEC. 231. GRANTS AND CONTRACTS FOR ELIGIBLE PROVIDERS.

"(a) GRANTS AND CONTRACTS.—From grant funds made available under section 211(b), each eligible agency shall award multiyear grants or contracts, on a competitive basis, to eligible providers within the State or outlying area that meet the conditions and requirements of this title to enable the eligible providers to develop, implement, and improve adult education, basic skills, and family literacy education programs within the State.

"(b) LOCAL ACTIVITIES.—The eligible agency shall require eligible providers receiving a grant or contract under subsection (a) to establish or operate one or more programs of instruction that provide services or instruction in one or more of the following categories:

"(1) Adult education, basic skills, and family literacy education programs (including proficiency in reading, writing, speaking, and math).
"(2) Workplace literacy programs.
"(3) English language acquisition programs.
"(4) Family literacy education programs.

"(c) DIRECT AND EQUITABLE ACCESS; SAME PROCESS.—Each eligible agency receiving funds under this title shall ensure that—

"(1) all eligible providers have direct and equitable access to apply for grants or contracts under this section; and
"(2) the same grant or contract announcement process and application process is used for all eligible providers in the State or outlying area.

"(d) MEASURABLE GOALS.—The eligible agency shall require eligible providers receiving a grant or contract under subsection (a) to demonstrate—

"(1) the eligible provider's measurable goals for participant outcomes to be achieved annually on the core indicators of performance and employment performance indicators described in section 212(b)(2);
"(2) the past effectiveness of the eligible provider in improving the basic academic skills of adults and, for eligible providers receiving grants in the prior year, the success of the eligible provider receiving funding under this title in exceeding its performance goals in the prior year;
"(3) the commitment of the eligible provider to serve individuals in the community who are the most in need of basic academic skills instruction services, including individuals who are low-income or have minimal reading, writing, speaking, and math skills, or limited English proficiency;
"(4) the program—
"(A) is of sufficient intensity and duration for participants to achieve substantial learning gains; and

"(B) uses instructional practices that include the essential components of reading instruction;

"(5) educational practices are based on scientifically based research;

"(6) the activities of the eligible provider effectively employ advances in technology, as appropriate, including the use of computers;

"(7) the activities provide instruction in real-life contexts, when appropriate, to ensure that an individual has the skills needed to compete in the workplace and exercise the rights and responsibilities of citizenship;

"(8) the activities are staffed by well-trained instructors, counselors, and administrators;

"(9) the activities are coordinated with other available resources in the community, such as through strong links with elementary schools and secondary schools, postsecondary educational institutions, one-stop centers, job training programs, community-based and faith-based organizations, and social service agencies;

"(10) the activities offer flexible schedules and support services (such as child care and transportation) that are necessary to enable individuals, including individuals with disabilities or other special needs, to attend and complete programs;

"(11) the activities include a high-quality information management system that has the capacity to report measurable participant outcomes and to monitor program performance against the performance measures established by the eligible agency;

"(12) the local communities have a demonstrated need for additional English language acquisition programs;

"(13) the capacity of the eligible provider to produce valid information on performance results, including enrollments and measurable participant outcomes;

"(14) adult education, basic skills, and family literacy education programs offer rigorous reading, writing, speaking, and math content that are based on scientifically based research; and

"(15) applications of technology, and services to be provided by the eligible providers, are of sufficient intensity and duration to increase the amount and quality of learning and lead to measurable learning gains within specified time periods.

"(e) SPECIAL RULE.—Eligible providers may use grant funds under this title to serve children participating in family literacy programs assisted under this part, provided that other sources of funds available to provide similar services for such children are used first.

"SEC. 232. LOCAL APPLICATION.

"Each eligible provider desiring a grant or contract under this title shall submit an application to the eligible agency containing such information and assurances as the eligible agency may require, including—

"(1) a description of how funds awarded under this title will be spent consistent with the requirements of this title;

"(2) a description of any cooperative arrangements the eligible provider has with other agencies, institutions, or organiza-

tions for the delivery of adult education, basic skills, and family literacy education programs; and

"(3) each of the demonstrations required by section 231(d).

"SEC. 233. LOCAL ADMINISTRATIVE COST LIMITS.

"(a) IN GENERAL.—Subject to subsection (b), of the amount that is made available under this title to an eligible provider—

"(1) at least 95 percent shall be expended for carrying out adult education, basic skills, and family literacy education programs; and

"(2) the remaining amount shall be used for planning, administration, personnel and professional development, development of measurable goals in reading, writing, speaking, and math, and interagency coordination.

"(b) SPECIAL RULE.—In cases where the cost limits described in subsection (a) are too restrictive to allow for adequate planning, administration, personnel development, and interagency coordination, the eligible provider may negotiate with the eligible agency in order to determine an adequate level of funds to be used for non-instructional purposes.

"CHAPTER 4—GENERAL PROVISIONS

"SEC. 241. ADMINISTRATIVE PROVISIONS.

"(a) SUPPLEMENT NOT SUPPLANT.—Funds made available for adult education, basic skills, and family literacy education programs under this title shall supplement and not supplant other State or local public funds expended for adult education, basic skills, and family literacy education programs.

"(b) MAINTENANCE OF EFFORT.—

"(1) IN GENERAL.—

"(A) DETERMINATION.—An eligible agency may receive funds under this title for any fiscal year if the Secretary finds that the fiscal effort per student or the aggregate expenditures of such eligible agency for activities under this title, in the second preceding fiscal year, were not less than 90 percent of the fiscal effort per student or the aggregate expenditures of such eligible agency for adult education, basic skills, and family literacy education programs, in the third preceding fiscal year.

"(B) PROPORTIONATE REDUCTION.—Subject to paragraphs (2), (3), and (4), for any fiscal year with respect to which the Secretary determines under subparagraph (A) that the fiscal effort or the aggregate expenditures of an eligible agency for the preceding program year were less than such effort or expenditures for the second preceding program year, the Secretary—

"(i) shall determine the percentage decreases in such effort or in such expenditures; and

"(ii) shall decrease the payment made under this title for such program year to the agency for adult education, basic skills, and family literacy education programs by the lesser of such percentages.

"(2) COMPUTATION.—In computing the fiscal effort and aggregate expenditures under paragraph (1), the Secretary shall exclude capital expenditures and special one-time project costs.

"(3) DECREASE IN FEDERAL SUPPORT.—If the amount made available for adult education, basic skills, and family literacy education programs under this title for a fiscal year is less than the amount made available for adult education, basic skills, and family literacy education programs under this title for the preceding fiscal year, then the fiscal effort per student and the aggregate expenditures of an eligible agency required in order to avoid a reduction under paragraph (1)(B) shall be decreased by the same percentage as the percentage decrease in the amount so made available.

"(4) WAIVER.—The Secretary may waive the requirements of this subsection for not more than 1 fiscal year, if the Secretary determines that a waiver would be equitable due to exceptional or uncontrollable circumstances, such as a natural disaster or an unforeseen and precipitous decline in the financial resources of the State or outlying area of the eligible agency. If the Secretary grants a waiver under the preceding sentence for a fiscal year, the level of effort required under paragraph (1) shall not be reduced in the subsequent fiscal year because of the waiver.

"SEC. 242. NATIONAL INSTITUTE FOR LITERACY.

"(a) IN GENERAL.—

"(1) PURPOSE.—The purpose of the National Institute for Literacy is to promote the improvement of literacy, including skills in reading, writing, and English language acquisition for children, youth, and adults, through practices derived from the findings of scientifically based research.

"(2) ESTABLISHMENT.—There is established a National Institute for Literacy (in this section referred to as the 'Institute'). The Institute shall be administered under the terms of an interagency agreement entered into, reviewed annually, and modified as needed by the Secretary of Education with the Secretary of Health and Human Services and the Secretary of Labor (in this section referred to as the 'Interagency Group').

"(3) OFFICES.—The Institute shall have offices separate from the offices of the Department of Education, the Department of Health and Human Services, and the Department of Labor.

"(4) ADMINISTRATIVE SUPPORT.—The Department of Education shall provide administrative support for the Institute.

"(5) DAILY OPERATIONS.—The Director of the Institute shall administer the daily operations of the Institute.

"(b) DUTIES.—

"(1) IN GENERAL.—To carry out its purpose, the Institute may—

"(A) identify and disseminate rigorous scientific research on the effectiveness of instructional practices and organizational strategies relating to programs on the acquisition of skills in reading, writing, and English language acquisition for children, youth, and adults;

"(B) create and widely disseminate materials about the acquisition and application of skills in reading, writing, and English language acquisition for children, youth, and adults based on scientifically based research;

"(C) ensure a broad understanding of scientifically based research on reading, writing, and English language acqui-

sition for children, youth, and adults among Federal agencies with responsibilities for administering programs that provide related services, including State and local educational agencies;

"(D) facilitate coordination and information sharing among national organizations and associations interested in programs that provide services to improve skills in reading, writing, and English language acquisition for children, youth, and adults;

"(E) coordinate with the appropriate offices in the Department of Education, the Department of Health and Human Services, the Department of Labor, and other Federal agencies to apply the findings of scientifically based research related to programs on reading, writing, and English language acquisition for children, youth, and adults;

"(F) establish a national electronic database and Internet site describing and fostering communication on scientifically based programs in reading, writing, and English language acquisition for children, youth, and adults, including professional development programs; and

"(G) provide opportunities for technical assistance, meetings, and conferences that will foster increased coordination among Federal, State, and local agencies and entities and improvement of reading, writing, and English language acquisition skills for children, youth, and adults.

"(2) COORDINATION.—In identifying scientifically based research on reading, writing, and English language acquisition for children, youth, and adults, the Institute shall use standards for research quality that are consistent with those established by the Institute of Education Sciences.

"(3) GRANTS, CONTRACTS, AND COOPERATIVE AGREEMENTS.—

"(A) IN GENERAL.—The Institute may award grants to, or enter into contracts or cooperative agreements with, individuals, public or private institutions, agencies, organizations, or consortia of such individuals, institutions, agencies, or organizations, to carry out the activities of the Institute.

"(B) REGULATIONS.—The Director may adopt the general administrative regulations of the Department of Education, as applicable, for use by the Institute.

"(C) RELATION TO OTHER LAWS.—The duties and powers of the Institute under this title are in addition to the duties and powers of the Institute under subparts 1, 2, and 3 of part B of the Elementary and Secondary Education Act of 1965 (commonly referred to as Reading First, Early Reading First, and the William F. Goodling Even Start Family Literacy Program, respectively).

"(c) VISITING SCHOLARS.—The Institute may establish a visiting scholars program, with such stipends and allowances as the Director considers necessary, for outstanding researchers, scholars, and individuals who—

"(1) have careers in adult education, workforce development, or scientifically based reading, writing, or English language acquisition; and

"(2) can assist the Institute in translating research into practice and providing analysis that advances instruction in the fields of reading, writing, and English language acquisition for children, youth, and adults.

"(d) INTERNS AND VOLUNTEERS.—The Institute, in consultation with the National Institute for Literacy Advisory Board, may award paid and unpaid internships to individuals seeking to assist the Institute in carrying out its purpose. Notwithstanding section 1342 of title 31, United States Code, the Institute may accept and use voluntary and uncompensated services as the Institute determines necessary.

"(e) NATIONAL INSTITUTE FOR LITERACY ADVISORY BOARD.—

"(1) ESTABLISHMENT.—

"(A) IN GENERAL.—There shall be a National Institute for Literacy Advisory Board (in this section referred to as the 'Board'), which shall consist of 10 individuals appointed by the President with the advice and consent of the Senate.

"(B) QUALIFICATIONS.—The Board shall be composed of individuals who—

"(i) are not otherwise officers or employees of the Federal Government; and

"(ii) are knowledgeable about current effective scientifically based research findings on instruction in reading, writing, and English language acquisition for children, youth, and adults.

"(C) COMPOSITION.—The Board may include—

"(i) representatives of business, industry, labor, literacy organizations, adult education providers, community colleges, students with disabilities, and State agencies, including State directors of adult education; and

"(ii) individuals who, and representatives of entities that, have been successful in improving skills in reading, writing, and English language acquisition for children, youth, and adults.

"(2) DUTIES.—The Board shall—

"(A) make recommendations concerning the appointment of the Director of the Institute;

"(B) provide independent advice on the operation of the Institute;

"(C) receive reports from the Interagency Group and the Director; and

"(D) review the biennial report to the Congress under subsection (k).

"(3) FEDERAL ADVISORY COMMITTEE ACT.—Except as otherwise provided, the Board shall be subject to the provisions of the Federal Advisory Committee Act.

"(4) APPOINTMENTS.—

"(A) IN GENERAL.—Each member of the Board shall be appointed for a term of 3 years, except that the initial terms for members may be 1, 2, or 3 years in order to establish a rotation in which one-third of the members are selected each year. Any such member may be appointed for not more than 2 consecutive terms.

"(B) VACANCIES.—Any member appointed to fill a vacancy occurring before the expiration of the term for which the member's predecessor was appointed shall be appointed only for the remainder of that term. A member may serve after the expiration of that member's term until a successor has taken office.

"(5) QUORUM.—A majority of the members of the Board shall constitute a quorum, but a lesser number may hold hearings. A recommendation of the Board may be passed only by a majority of the Board's members present at a meeting for which there is a quorum.

"(6) ELECTION OF OFFICERS.—The Chairperson and Vice Chairperson of the Board shall be elected by the members of the Board. The term of office of the Chairperson and Vice Chairperson shall be 2 years.

"(7) MEETINGS.—The Board shall meet at the call of the Chairperson or a majority of the members of the Board.

"(f) GIFTS, BEQUESTS, AND DEVISES.—

"(1) IN GENERAL.—The Institute may accept, administer, and use gifts or donations of services, money, or property, whether real or personal, tangible or intangible.

"(2) RULES.—The Board shall establish written rules setting forth the criteria to be used by the Institute in determining whether the acceptance of contributions of services, money, or property whether real or personal, tangible or intangible, would reflect unfavorably upon the ability of the Institute or any employee to carry out the responsibilities of the Institute or employee, or official duties, in a fair and objective manner, or would compromise the integrity, or the appearance of the integrity, of the Institute's programs or any official involved in those programs.

"(g) MAILS.—The Board and the Institute may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

"(h) DIRECTOR.—The Secretary of Education, after considering recommendations made by the Board and consulting with the Interagency Group, shall appoint and fix the pay of the Director of the Institute and, when necessary, shall appoint an Interim Director of the Institute.

"(i) APPLICABILITY OF CERTAIN CIVIL SERVICE LAWS.—The Director and staff of the Institute may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of that title relating to classification and General Schedule pay rates, except that an individual so appointed may not receive pay in excess of the annual rate of basic pay payable for level IV of the Executive Schedule.

"(j) EXPERTS AND CONSULTANTS.—The Institute may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

"(k) BIENNIAL REPORT.—

"(1) IN GENERAL.—The Institute shall submit a report biennially to the Committee on Education and Labor of the House of Representatives and the Committee on Health, Education,

Labor, and Pensions of the Senate. Each report submitted under this subsection shall include—

"(A) a comprehensive and detailed description of the Institute's operations, activities, financial condition, and accomplishments in identifying and describing programs on reading, writing, and English language acquisition for children, youth, and adults for the period covered by the report; and

"(B) a description of how plans for the operation of the Institute for the succeeding 2 fiscal years will facilitate achievement of the purpose of the Institute.

"(2) FIRST REPORT.—The Institute shall submit its first report under this subsection to the Congress not later than 1 year after the date of the enactment of the Workforce Investment Improvement Act of 2007.

"(l) ADDITIONAL FUNDING.—In addition to the funds authorized under section 205 and reserved for the Institute under section 211, the Secretary of Education, the Secretary of Health and Human Services, the Secretary of Labor, or the head of any other Federal agency or department that participates in the activities of the Institute may provide funds to the Institute for activities that the Institute is authorized to perform under this section.

"SEC. 243. NATIONAL LEADERSHIP ACTIVITIES.

"The Secretary shall establish and carry out a program of national leadership activities that may include the following:

"(1) Technical assistance, on request, including assistance—

"(A) on request to volunteer community- and faith-based organizations, including but not limited to, improving their fiscal management, research-based instruction, and reporting requirements, and the development of measurable objectives to carry out the requirements of this title;

"(B) in developing valid, measurable, and reliable performance data, and using performance information for the improvement of adult education basic skills, English language acquisition, and family literacy education programs;

"(C) on adult education professional development; and

"(D) in using distance learning and improving the application of technology in the classroom, including instruction in English language acquisition for individuals who have limited English proficiency.

"(2) Providing for the conduct of research on national literacy basic skill acquisition levels among adults, including the number of limited English proficient adults functioning at different levels of reading proficiency.

"(3) Improving the coordination, efficiency, and effectiveness of adult education and workforce development services at the national, State, and local levels.

"(4) Determining how participation in adult education basic skills, English language acquisition, and family literacy education programs prepares individuals for entry into and success in postsecondary education and employment, and in the case of prison-based services, the effect on recidivism.

"(5) Evaluating how different types of providers, including community and faith-based organizations or private for-profit agencies measurably improve the skills of participants in adult

education basic skills, English language acquisition, and family literacy education programs.

"(6) Identifying model integrated basic and workplace skills education programs, including programs for individuals with limited English proficiency coordinated literacy and employment services, and effective strategies for serving adults with disabilities.

"(7) Supporting the development of an entity that would produce and distribute technology-based programs and materials for adult education, basic skills, and family literacy education programs using an intercommunication system, as that term is defined in section 397 of the Communications Act of 1934, and expand the effective outreach and use of such programs and materials to adult education eligible providers.

"(8) Initiating other activities designed to improve the measurable quality and effectiveness of adult education basic skills, English language acquisition, and family literacy education programs nationwide.".

Subtitle C—Amendments to the Wagner–Peyser Act

SEC. 461. AMENDMENTS TO THE WAGNER-PEYSER ACT.

The Wagner-Peyser Act (29 U.S.C. 49 et seq.) is amended—

(1) by striking sections 1 through 13;

(2) in section 14 by inserting "of Labor" after "Secretary"; and

(3) by amending section 15 to read as follows:

"SEC. 15. WORKFORCE AND LABOR MARKET INFORMATION SYSTEM.

"(a) SYSTEM CONTENT.—

"(1) IN GENERAL.—The Secretary of Labor, in accordance with the provisions of this section, shall oversee the development, maintenance, and continuous improvement of a nationwide workforce and labor market information system that includes—

"(A) statistical data from cooperative statistical survey and projection programs and data from administrative reporting systems that, taken together, enumerate, estimate, and project employment opportunities and conditions at national, State, and local levels in a timely manner, including statistics on—

"(i) employment and unemployment status of national, State, and local populations, including self-employed, part-time, and seasonal workers;

"(ii) industrial distribution of occupations, as well as current and projected employment opportunities, wages, benefits (where data is available), and skill trends by occupation and industry, with particular attention paid to State and local conditions;

"(iii) the incidence of, industrial and geographical location of, and number of workers displaced by, permanent layoffs and plant closings; and

"(iv) employment and earnings information maintained in a longitudinal manner to be used for research and program evaluation;

"(B) information on State and local employment opportunities, and other appropriate statistical data related to labor market dynamics, which—

"(i) shall be current and comprehensive;

"(ii) shall meet the needs identified through the consultations described in subparagraphs (A) and (B) of subsection (e)(2); and

"(iii) shall meet the needs for the information identified in section 134(d);

"(C) technical standards (which the Secretary shall publish annually) for data and information described in subparagraphs (A) and (B) that, at a minimum, meet the criteria of chapter 35 of title 44, United States Code;

"(D) procedures to ensure compatibility and additivity of the data and information described in subparagraphs (A) and (B) from national, State, and local levels;

"(E) procedures to support standardization and aggregation of data from administrative reporting systems described in subparagraph (A) of employment-related programs;

"(F) analysis of data and information described in subparagraphs (A) and (B) for uses such as—

"(i) national, State, and local policymaking;

"(ii) implementation of Federal policies (including allocation formulas);

"(iii) program planning and evaluation; and

"(iv) researching labor market dynamics;

"(G) wide dissemination of such data, information, and analysis in a user-friendly manner and voluntary technical standards for dissemination mechanisms; and

"(H) programs of—

"(i) training for effective data dissemination;

"(ii) research and demonstration; and

"(iii) programs and technical assistance.

"(2) INFORMATION TO BE CONFIDENTIAL.—

"(A) IN GENERAL.—No officer or employee of the Federal Government or agent of the Federal Government may—

"(i) use any submission that is furnished for exclusively statistical purposes under the provisions of this section for any purpose other than the statistical purposes for which the submission is furnished;

"(ii) disclose to the public any publication or media transmittal of the data contained in the submission described in clause (i) that permits information concerning an individual subject to be reasonably inferred by either direct or indirect means; or

"(iii) permit anyone other than a sworn officer, employee, or agent of any Federal department or agency, or a contractor (including an employee of a contractor) of such department or agency, to examine an individual submission described in clause (i),

without the consent of the individual, agency, or other person who is the subject of the submission or provides that submission.

"(B) IMMUNITY FROM LEGAL PROCESS.—Any submission (including any data derived from the submission) that is collected and retained by a Federal department or agency, or an officer, employee, agent, or contractor of such a department or agency, for exclusively statistical purposes under this section shall be immune from the legal process and shall not, without the consent of the individual, agency, or other person who is the subject of the submission or provides that submission, be admitted as evidence or used for any purpose in any action, suit, or other judicial or administrative proceeding.

"(C) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to provide immunity from the legal process for such submission (including any data derived from the submission) if the submission is in the possession of any person, agency, or entity other than the Federal Government or an officer, employee, agent, or contractor of the Federal Government, or if the submission is independently collected, retained, or produced for purposes other than the purposes of this Act.

"(b) SYSTEM RESPONSIBILITIES.—

"(1) IN GENERAL.—The workforce and labor market information system described in subsection (a) shall be planned, administered, overseen, and evaluated through a cooperative governance structure involving the Federal Government and States.

"(2) DUTIES.—The Secretary, with respect to data collection, analysis, and dissemination of workforce and labor market information for the system, shall carry out the following duties:

"(A) Assign responsibilities within the Department of Labor for elements of the workforce and labor market information system described in subsection (a) to ensure that all statistical and administrative data collected is consistent with appropriate Bureau of Labor Statistics standards and definitions.

"(B) Actively seek the cooperation of other Federal agencies to establish and maintain mechanisms for ensuring complementarity and nonduplication in the development and operation of statistical and administrative data collection activities.

"(C) Eliminate gaps and duplication in statistical undertakings, with the systemization of wage surveys as an early priority.

"(D) In collaboration with the Bureau of Labor Statistics and States, develop and maintain the elements of the workforce and labor market information system described in subsection (a), including the development of consistent procedures and definitions for use by the States in collecting the data and information described in subparagraphs (A) and (B) of subsection (a)(1).

"(E) Establish procedures for the system to ensure that—

"(i) such data and information are timely;

"(ii) paperwork and reporting for the system are reduced to a minimum; and

"(iii) States and localities are fully involved in the development and continuous improvement of the system at all levels.

"(c) NATIONAL ELECTRONIC TOOLS TO PROVIDE SERVICES.—The Secretary is authorized to assist in the development of national electronic tools that may be used to facilitate the delivery of work ready services described in section 134 and to provide workforce information to individuals through the one-stop delivery systems described in section 121 and through other appropriate delivery systems.

"(d) COORDINATION WITH THE STATES.—

"(1) IN GENERAL.—The Secretary, working through the Bureau of Labor Statistics and the Employment and Training Administration, shall regularly consult with representatives of State agencies carrying out workforce information activities regarding strategies for improving the workforce and labor market information system.

"(2) FORMAL CONSULTATIONS.—At least twice each year, the Secretary, working through the Bureau of Labor Statistics, shall conduct formal consultations regarding programs carried out by the Bureau of Labor Statistics with representatives of each of the 6 Federal regions of the Bureau of Labor Statistics, elected (pursuant to a process established by the Secretary) from the State directors affiliated with State agencies that perform the duties described in subsection (e)(2).

"(e) STATE RESPONSIBILITIES.—

"(1) IN GENERAL.—In order to receive Federal financial assistance under this section, the Governor of a State shall—

"(A) be responsible for the management of the portions of the workforce and labor market information system described in subsection (a) that comprise a statewide workforce and labor market information system and for the State's participation in the development of the annual plan;

"(B) establish a process for the oversight of such system;

"(C) consult with State and local employers, participants, and local workforce investment boards about the labor market relevance of the data to be collected and disseminated through the statewide workforce and labor market information system;

"(D) consult with State educational agencies and local educational agencies concerning the provision of employment statistics in order to meet the needs of secondary school and postsecondary school students who seek such information;

"(E) collect and disseminate for the system, on behalf of the State and localities in the State, the information and data described in subparagraphs (A) and (B) of subsection (a)(1);

"(F) maintain and continuously improve the statewide workforce and labor market information system in accordance with this section;

"(G) perform contract and grant responsibilities for data collection, analysis, and dissemination for such system;

"(H) conduct such other data collection, analysis, and dissemination activities as will ensure an effective statewide workforce and labor market information system;

"(I) actively seek the participation of other State and local agencies in data collection, analysis, and dissemination activities in order to ensure complementarity, compatibility, and usefulness of data;

"(J) participate in the development of the annual plan described in subsection (c); and

"(K) utilize the quarterly records described in section 136(f)(2) of the Workforce Investment Act of 1998 to assist the State and other States in measuring State progress on State performance measures.

"(2) RULE OF CONSTRUCTION.—Nothing in this section shall be construed as limiting the ability of a Governor to conduct additional data collection, analysis, and dissemination activities with State funds or with Federal funds from sources other than this section.

"(f) NONDUPLICATION REQUIREMENT.—None of the functions and activities carried out pursuant to this section shall duplicate the functions and activities carried out under the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.).

"(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of the fiscal years 2008 through 2012.

"(h) DEFINITION.—In this section, the term 'local area' means the smallest geographical area for which data can be produced with statistical reliability.".

Subtitle D—Amendments to the Rehabilitation Act of 1973

SEC. 471. FINDINGS.

Section 2(a) of the Rehabilitation Act of 1973 (29 U.S.C. 701(a)) is amended—

(1) in paragraph (5), by striking "and" at the end;

(2) in paragraph (6), by striking the period and inserting "; and"; and

(3) by adding at the end the following:

"(7) there is a substantial need to improve and expand services for students with disabilities under this Act.".

SEC. 472. REHABILITATION SERVICES ADMINISTRATION.

Section 3(a) of the Rehabilitation Act of 1973 (29 U.S.C. 702(a)) is amended—

(1) by striking "Office of the Secretary" and inserting "Department of Education";

(2) by striking "President by and with the advice and consent of the Senate" and inserting "Secretary, except that the Commissioner appointed under the authority existing on the day prior to the date of enactment of the Workforce Investment Im-

provement Act of 2007 may continue to serve in the former capacity"; and

(3) by striking ", and the Commissioner shall be the principal officer,".

SEC. 473. DIRECTOR.

(a) IN GENERAL.—The Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.) is amended—

(1) by striking "Commissioner" each place it appears, except in sections 3(a) (as amended by section 472) and 21, and inserting "Director";

(2) in section 100(d)(2)(B), by striking "**COMMISSIONER**" and inserting "**DIRECTOR**";

(3) in section 706, by striking "**COMMISSIONER**" and inserting "**DIRECTOR**"; and

(4) in section 723(a)(3), by striking "**COMMISSIONER**" and inserting "**DIRECTOR**".

(b) EXCEPTION.—Section 21 of the Rehabilitation Act of 1973 (29 U.S.C. 718) is amended—

(1) in subsection (b)(1)—

(A) by striking "Commissioner" the first place it appears and inserting "Director of the Rehabilitation Services Administration"; and

(B) by striking "(referred to in this subsection as the 'Director')"; and

(2) by striking "Commissioner and the Director" each place it appears and inserting "both such Directors".

SEC. 474. DEFINITIONS.

Section 7 of the Rehabilitation Act of 1973 (29 U.S.C. 705) is amended—

(1) by redesignating paragraphs (35) through (39) as paragraphs (36), (37), (38), (40), and (41), respectively;

(2) in subparagraph (A)(ii) of paragraph (36) (as redesignated in paragraph (1)), by striking "paragraph (36)(C)" and inserting "paragraph (37)(C)";

(3) by inserting after paragraph (34) the following:

"(35)(A) The term 'student with a disability' means an individual with a disability who—

"(i) is not younger than 16 and not older than 21;

"(ii) has been determined to be eligible under section 102(a) for assistance under this title; and

"(iii)(I) is eligible for, and is receiving, special education under part B of the Individuals with Disabilities Education Act (20 U.S.C. 1411 et seq.); or

"(II) is an individual with a disability, for purposes of section 504.

"(B) The term 'students with disabilities' means more than 1 student with a disability."; and

(4) by inserting after paragraph (38) (as redesignated by paragraph (1)) the following:

"(39) The term 'transition services expansion year' means—

"(A) the first fiscal year for which the amount appropriated under section 100(b) exceeds the amount appropriated under section 100(b) for fiscal year 2004 by not less than $100,000,000; and

"(B) each fiscal year subsequent to that first fiscal year.".

SEC. 475. STATE PLAN.

(a) COORDINATION WITH EDUCATION OFFICIALS AND ASSISTIVE TECHNOLOGY PROGRAMS.—Section 101(a)(11) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)(11)) is amended—

(1) in subparagraph (D)(i) by inserting ", which may be provided using alternative means of meeting participation (such as video conferences and conference calls)" before the semicolon; and

(2) by adding at the end the following:

"(G) COORDINATION WITH ASSISTIVE TECHNOLOGY PROGRAMS.—The State plan shall include an assurance that the designated State unit and the lead agency responsible for carrying out duties under the Assistive Technology Act of 1998 (29 U.S.C. 3001), as amended, have developed working relationships and coordinate their activities.".

(b) ASSESSMENT AND STRATEGIES.—Section 101(a)(15) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)(15)) is amended—

(1) in subparagraph (A)

(A) in clause (i)—

(i) in subclause (II), by striking "and" at the end;

(ii) in subclause (III), by adding "and" at the end; and

(iii) by adding at the end the following:

"(IV) in a transition services expansion year, students with disabilities, including their need for transition services;"; and

(B) by redesignating clauses (ii) and (iii) as clauses (iii) and (iv), respectively, and inserting after clause (i) the following:

"(ii) include an assessment of the transition services provided under this Act, and coordinated with transition services under the Individuals with Disabilities Education Act, as to those services meeting the needs of individuals with disabilities;"; and

(2) in subparagraph (D)—

(A) by redesignating clauses (iii), (iv), and (v) as clauses (iv), (v), and (vi), respectively; and

(B) by inserting after clause (ii) the following:

"(iii) in a transition services expansion year, the methods to be used to improve and expand vocational rehabilitation services for students with disabilities, including the coordination of services designed to facilitate the transition of such students from the receipt of educational services in school to the receipt of vocational rehabilitation services under this title or to postsecondary education or employment;".

(c) SERVICES FOR STUDENTS WITH DISABILITIES.—Section 101(a) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)) is further amended by adding at the end the following:

"(25) SERVICES FOR STUDENTS WITH DISABILITIES.—The State plan for a transition services expansion year shall provide an assurance satisfactory to the Secretary that the State—

"(A) has developed and implemented strategies to address the needs identified in the assessment described in

paragraph (15), and achieve the goals and priorities identified by the State, to improve and expand vocational rehabilitation services for students with disabilities on a statewide basis in accordance with paragraph (15); and

"(B) from funds reserved under section 110A, shall carry out programs or activities designed to improve and expand vocational rehabilitation services for students with disabilities that—

"(i) facilitate the transition of the students with disabilities from the receipt of educational services in school, to the receipt of vocational rehabilitation services under this title, including, at a minimum, those services specified in the interagency agreement required in paragraph (11)(D);

"(ii) improve the achievement of post-school goals of students with disabilities, including improving the achievement through participation (as appropriate when vocational goals are discussed) in meetings regarding individualized education programs developed under section 614 of the Individuals with Disabilities Education Act (20 U.S.C. 1414);

"(iii) provide vocational guidance, career exploration services, and job search skills and strategies and technical assistance to students with disabilities;

"(iv) support the provision of training and technical assistance to State and local educational agency and designated State agency personnel responsible for the planning and provision of services to students with disabilities; and

"(v) support outreach activities to students with disabilities who are eligible for, and need, services under this title.".

SEC. 476. SCOPE OF SERVICES.

Section 103 of the Rehabilitation Act of 1973 (29 U.S.C. 723) is amended—

(1) in subsection (a), by striking paragraph (15) and inserting the following:

"(15) transition services for students with disabilities, that facilitate the achievement of the employment outcome identified in the individualized plan for employment, including, in a transition services expansion year, services described in clauses (i) through (iii) of section 101(a)(25)(B);";

(2) in subsection (b), by striking paragraph (6) and inserting the following:

"(6)(A)(i) Consultation and technical assistance services to assist State and local educational agencies in planning for the transition of students with disabilities from school to post-school activities, including employment.

"(ii) In a transition services expansion year, training and technical assistance described in section 101(a)(25)(B)(iv).

"(B) In a transition services expansion year, services for groups of individuals with disabilities who meet the requirements of clauses (i) and (iii) of section 7(35)(A), including services described in clauses (i), (ii), (iii), and (v) of section

101(a)(25)(B), to assist in the transition from school to post-school activities."; and

(3) in subsection (b) by inserting at the end, the following:

"(7) The establishment, development, or improvement of assistive technology demonstration, loan, reutilization, or financing programs in coordination with activities authorized under the Assistive Technology Act of 1998 (29 U.S.C. 3001), as amended, to promote access to assistive technology for individuals with disabilities and employers.".

SEC. 477. STANDARDS AND INDICATORS.

Section 106(a) of the Rehabilitation Act of 1973 (29 U.S.C. 726(a)) is amended by striking paragraph (1)(C) and all that follows through paragraph (2) and inserting the following:

"(2) MEASURES.—The standards and indicators shall include outcome and related measures of program performance that—

"(A) facilitate the accomplishment of the purpose and policy of this title;

"(B) to the maximum extent practicable, are consistent with the core indicators of performance, and corresponding State adjusted levels of performance, established under section 136(b) of the Workforce Investment Act of 1998 (29 U.S.C. 2871(b)); and

"(C) include measures of the program's performance with respect to the transition to post-school vocational activities, and achievement of the post-school vocational goals, of students with disabilities served under the program.".

SEC. 478. RESERVATION FOR EXPANDED TRANSITION SERVICES.

The Rehabilitation Act of 1973 is amended by inserting after section 110 (29 U.S.C. 730) the following:

"SEC. 110A. RESERVATION FOR EXPANDED TRANSITION SERVICES.

"(a) RESERVATION.—From the State allotment under section 110 in a transition services expansion year, each State shall reserve an amount calculated by the Director under subsection (b) to carry out programs and activities under sections 101(a)(25)(B) and 103(b)(6).

"(b) CALCULATION.—The Director shall calculate the amount to be reserved for such programs and activities for a fiscal year by each State by multiplying $50,000,000 by the percentage determined by dividing—

"(1) the amount allotted to that State under section 110 for the prior fiscal year, by

"(2) the total amount allotted to all States under section 110 for that prior fiscal year.".

SEC. 479. CLIENT ASSISTANCE PROGRAM.

Section 112(e)(1) of the Rehabilitation Act of 1973 (29 U.S.C. 732(e)(1)) is amended by redesignating subparagraph (D) as subparagraph (E) and inserting after subparagraph (C) the following:

"(D) The Secretary shall make grants to the protection and advocacy system serving the American Indian Consortium to provide services in accordance with this section. The amount of such grants shall be the same as provided to territories under this subsection.".

SEC. 480. PROTECTION AND ADVOCACY OF INDIVIDUAL RIGHTS.

Section 509(g)(2) of the Rehabilitation Act of 1973 (29 U.S.C. 794e(g)(2)) is amended by striking "was paid" and inserting "was

paid, except that program income generated from such amount shall remain available to such system for one additional fiscal year".

SEC. 481. CHAIRPERSON.

Section 705(b)(5) of the Rehabilitation Act of 1973 (29 U.S.C. 796d(b)(5)) is amended to read as follows:

"(5) CHAIRPERSON.—The Council shall select a chairperson from among the voting membership of the Council.".

SEC. 482. AUTHORIZATIONS OF APPROPRIATIONS.

The Rehabilitation Act of 1973 is further amended—

(1) in section 100(b)(1) by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2008 through 2012";

(2) in section 100(d)(1)(B) by striking "fiscal year 2003" and inserting "fiscal year 2012";

(3) in section 110(c) by amending paragraph (2) to read as follows:

"(2) The sum referred to in paragraph (1) shall be, as determined by the Secretary, not less than 1 percent and not more than 1.5 percent of the amount referred to in paragraph (1) for each of fiscal years 2008 through 2012.";

(4) in section 112(h) by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2008 through 2012";

(5) in section 201(a) by striking "fiscal years 1999 through 2003" each place it appears and inserting "fiscal years 2008 through 2012";

(6) in section 302(i) by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2008 through 2012";

(7) in section 303(e) by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2008 through 2012";

(8) in section 304(b) by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2008 through 2012";

(9) in section 305(b) by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2008 through 2012";

(10) in section 405 by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2008 through 2012";

(11) in section 502(j) by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2008 through 2012";

(12) in section 509(l) by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2008 through 2012";

(13) in section 612 by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2008 through 2012";

(14) in section 628 by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2008 through 2012";

(15) in section 714 by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2008 through 2012";

(16) in section 727 by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2008 through 2012"; and

(17) in section 753 by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2008 through 2012".

SEC. 483. CONFORMING AMENDMENT.

Section 1(b) of the Rehabilitation Act of 1973 is amended by inserting after the item relating to section 110 the following:

"Sec. 110A. Reservation for expanded transition services.".

SEC. 484. HELEN KELLER NATIONAL CENTER ACT.

(a) GENERAL AUTHORIZATION OF APPROPRIATIONS.—The first sentence of section 205(a) of the Helen Keller National Center Act (29 U.S.C. 1904(a)) is amended by striking "1999 through 2003" and inserting "2008 through 2012".

(b) HELEN KELLER NATIONAL CENTER FEDERAL ENDOWMENT FUND.—The first sentence of section 208(h) of such Act (29 U.S.C. 1907(h)) is amended by striking "1999 through 2003" and inserting "2008 through 2012".

Subtitle E—Transition and Effective Date

SEC. 491. TRANSITION PROVISIONS.

The Secretary of Labor shall take such actions as the Secretary determines to be appropriate to provide for the orderly implementation of this title.

SEC. 492. EFFECTIVE DATE.

Except as otherwise provided in this title, this title and the amendments made by this title, shall take effect on the date of enactment of this Act.

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